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INTERNATIONAL Herald Tribune

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EC Economic Summit Falter Amid Holdouts on Farm Deal



French farmers plow the Champ de Mars near the Eiffel Tower on Friday to protest an EC plan to take farmland out of production.

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VIENNA — A former foreign minister and close aide of President Kurt Waldheim said in a television interview...

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Record Exports In December Helped Narrow U.S. Trade Gap

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Kiosk Bomb Is Found In Gemayet Jet

BEIRUT (AP) — A bomb was found Friday in the cockpit of a jetliner that was to carry President Amin Gemayet on his way to North Yemen...

Shamir Accuses Peres Of Selling Out to U.S.

JERUSALEM — Internal Israeli divisions over the new U.S. peace initiative in the Middle East sharply increased Friday...

Violence Dramatizes Division of Jerusalem

JERUSALEM — Even after Arab youths smashed the picture window in her living room for the second time, Laureen Rabbe was surprised by the violence that encroached on her suburban home...

Visiting Florence? Don't Plan to Drive

Florence — All ideas advanced to deal with the Florentine noise problem, the Florentine traffic problem, are utopian...

Wimp? Wunderkind? Image Is All

NEW YORK — A glance at the New York phone book reveals more than a column of listings that begin with the word Image.



A woman screaming as the body of a Palestinian killed by Israeli soldiers was carried Friday through the West Bank city of Nablus.

Advertisement for 'The Executive' magazine, featuring a list of names and contact information.

Advertisement for 'Kiosk' magazine, featuring a list of names and contact information.

Advertisement for 'Shamir Accuses Peres' article, featuring a list of names and contact information.

Advertisement for 'Violence Dramatizes Division of Jerusalem' article, featuring a list of names and contact information.

Advertisement for 'Visiting Florence? Don't Plan to Drive' article, featuring a list of names and contact information.

Advertisement for 'Wimp? Wunderkind? Image Is All' article, featuring a list of names and contact information.

Advertisement for 'Image Is All' article, featuring a list of names and contact information.

BRIEFS

Sentence in Italy... Abu Nidal, the fugitive...

Villas Sentenced... urban guerrilla...

astic Cuts' in Arme... West German...

Resigns in Protest... Panamanian...

ching Out Tamil... Indian troops...

2-Day Strike... Opposition parties...

UPDATE

ights to Nairobi... strike to end...

ary Loyalty in the Upper Ham

were willing to move... rebellion in the...

Haig Bows Out of Race For the White House, Giving Support to Dole

Representative Jack Kemp of New York, a Republican, told a conservative group in Washington on Friday that his record had been "deliberately distorted" by Pat Robertson, the former religious broadcaster and a Republican candidate.

Mr. Haig called Senator Dole a man "head and shoulders above George Bush as a potential president."

Mr. Haig had lingered at the bottom of public opinion polls and decided to bow out four days before the New Hampshire primary elections, the first in the nation.

Mr. Haig said he received no promises from the senator for a position in a Dole administration. "I want nothing," he said.

Mr. Haig said he had not promised anything to Mr. Bush. The former candidate was in the White House chief of staff in 1973-74 and supreme commander of NATO from 1974-79.

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James C. Fletcher, the NASA administrator, outlining some goals of U.S. space policy.

U.S. Sets Long-Range Aims in Space

By William J. Broad... U.S. space policy... The policy is an outgrowth of White House studies by the National Security Council and the Economic Policy Council that generated a bitter struggle and a delay in announcing the policy.

Military Officers in Honduras Are Linked to Drug Dealing

By James LeMoyné... Honduras is so poor and its politicians and army officers are so corrupt that the drug dealers could probably buy the officers and most of the National Assembly over the next five years, a senior Honduran political leader said.

General Noriega speaking at a rally on his birthday Thursday. The army demotes the weak civilian government in Honduras. As a result, the support of senior army officers is needed to keep contra bases open there.

AMERICAN TOPICS

N.Y. Builder Is Told To Shorten High Rise

A New York City developer has been ordered to dismantle the top 12 stories of a 31-story apartment building. The Court of Appeals, the highest state tribunal, ruled that the 10 Park Avenue high-rise building at East 96th Street violates a zoning law.

The authorities say that this New York high rise can be no taller than the dotted line.

Notes About People

Rudolph W. Giuliani says he will stay on as the U.S. attorney in Manhattan instead of running against Senator Daniel Patrick Moynihan this year.

President Ronald Reagan said at a recent National Prayer Breakfast: "I have long been unable to understand the atheist in this world of so much beauty. And I've had an unholly desire to invite some atheists to dinner and then serve the most fabulous gourmet dinner that has ever been concocted and, after dinner, ask them if they believe there was a cook."

U.S. Officials Forbidden to Aid Contras

By Joel Brinkley... WASHINGTON — The White House has announced that it has forbidden administration officials to "provide assistance or encouragement of any kind to private individuals or third parties raising funds for the Nicaraguan rebels."

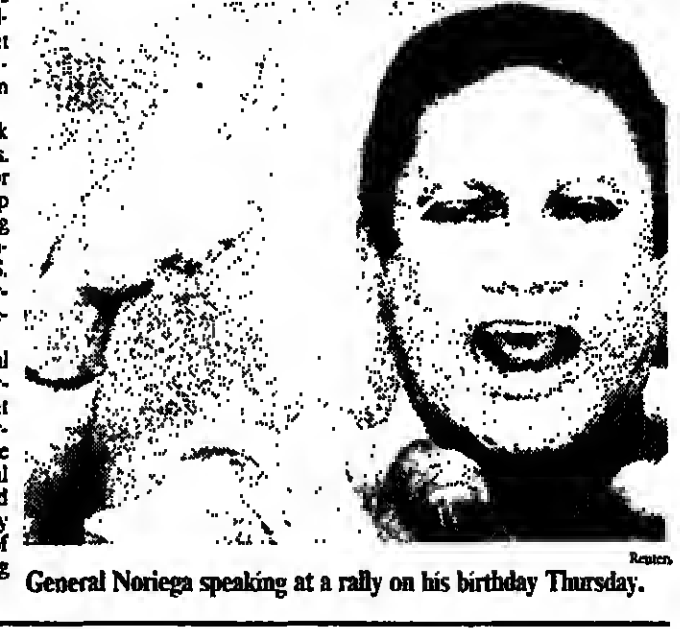
Failure to Report Breaches at U.S. Embassies Cited

WASHINGTON — A preliminary investigation by the General Accounting Office, the congressional monitoring agency, has found that the State Department failed to inform military investigators of more than 500 instances of rules violations by Marine Corps guards at U.S. embassies worldwide, according to a congressional report.

Hefty Reward Offered In New York Art Theft

NEW YORK — A reward that could amount to \$600,000 has been offered for the return of 27 paintings and drawings, including two Fra Angelicos, stolen from a Manhattan art gallery on Monday.

Ballantine's Scotch Whisky advertisement featuring a bottle and the text 'Strike the right note on February 14th.'



General Noriega speaking at a rally on his birthday Thursday.

Arthur Higbee

Ballantine's

OPINION

INTERNATIONAL
Herald Tribune

In Their German Way

Yet again a tough nuclear deployment issue strains the Western alliance. It arises directly from NATO's achievement the last time around in making the deployments that produced the INF treaty. This time the weapons at issue are short-range and battle-field nuclear forces with ranges under those of the classes banned by the INF treaty.

resisting isolation, are playing for time in order to find an acceptable two-track formula of modernization and negotiation. What NATO has here is no more or less than the latest Kremlin effort to frazzle the West. This is the Great Game of the post-war period, and Mikhail Gorbachev, far from ending it, is using his image, momentum and skill to engage it in with new vigor.

Honesty Isn't Optional

Nothing better illustrates Kurt Waldheim's unfitness for leadership than his response to the new report on his World War II record. The report confirms his knowledge of Nazi atrocities by his army units and his subsequent concealment of this record. Yet what Austria's president pulls from the report, sadly for Austria, is exonerating.

guilty or not, whether young or old, must accept the past. We are all affected by the consequences and liable for it. We Germans must look truth straight in the eye — without embellishment and without distortion. There can be no reconciliation without remembrance.

A Menace in Panama

It is not necessary to believe all the charges against Manuel Antonio Noriega to know that he is an abomination and that his continued rule is disastrous for Panama and dangerous to the United States. The problem is that no one seems to have a good plan for ousting him. The best track may be to keep up the pressure and wait for Panamanians to act.

that will transfer the canal to Panamanian control by the end of the 1990s. And he reinforced the service economy by building an "offshore" banking and financial center. General Noriega replaced populism with repression, banking with money laundering and nationalism with demagoguery. Without a popular base, he has played potential enemies against each other. He ingratiated himself with U.S. and Cuban intelligence agencies, U.S. drug enforcers and Colombian drug racketeers. Reagan administration zealots out to bypass Congress on covert aid and his own Contadora allies seeking a negotiated Central American peace.

Other Comment

A Profound Crisis for Israel

The scale of the occupied Palestinians' advance is only now becoming clear. The revolt in Gaza and the West Bank after 20 years of Israeli occupation is widely perceived as a protest against neglect — rapidly understood by the world at large as a demand from the Palestinian Arabs remarkably similar, ironically enough, to what the Jews fought for in Palestine 40 years ago: a national state.

security forces. Thus, American officials who would rather do anything in a presidential election year than disturb the Jewish vote, now feel called upon to act — although it remains to be seen whether this sense of urgency can survive a veto from Israel's prime minister. Hence the energetic tour by Richard Murphy, assistant secretary of state, hence the new sensitivity which led him to acknowledge the importance of Syria by starting in Damascus, hence a new American initiative verging on the radical.

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Tunisia: Backward to the Wasteful War of the Veil

TUNIS — Here in a Moslem land where the miniskirt long ago replaced the veil, the men have started arguing again about the women. A long and beneficial moratorium on sexual politics, Islamic style, is coming to an end. This is not the familiar Western battle of the sexes over dividing up rewards and responsibilities at work and at home. Here cultures that use women as a symbol in different ways and for different purposes are sliding into conflict.

Souhair Belhassen, a Tunisian writer, remembers clearly when she and many other Tunisian women stepped into the streets in 1978. There was no prohibition, but it gradually became uncomfortable to endure the comments and stares of the unemployed young men who crowded all the available tables.

The changes in government have encouraged the Islamic movement here to demand political rights and to begin exerting pressure for a total review of the civil protections that Mr. Bourguiba enacted for women. Mr. Ben Ali says he will safeguard certain advances that Mr. Bourguiba made for women, but he is vague on which ones qualify and which ones might not. He has emphasized the need for "good manners" in public.

Finland: A New European Competitor, but Apart

HELSINKI — The Finns have become the Japanese of Europe. In future they will be playing a much more active role in the economic development of Western Europe, but doubts surround their role in its political destiny. Tucked away at the top of the world, bisected by the Arctic Circle and squeezed up hard against the Soviet Union, Finland has been the forgotten European. A low international profile resulted in part from post-World War II neutrality. Prickly independence seems, meanwhile, to have given the Finns a sharper edge in the industrial marketplace.

Kari Kairamo, chairman and chief executive of Nokia, has boosted its sales tenfold in 10 years. He says such growth is rooted in Finland's tough, subsidy-free business climate. "Ours is the most efficient market economy in Europe," he claims. The successes being chalked up by Nokia are no flash in the pan. Finnish industry at large is reaping the rewards of a predominantly middle-class country's heavy spending on education.

program for stimulating advanced research in telecommunications. Lohja's partners in the Eurogrouping are a Belgian university and two French companies — SGS-Thomson Microelectronics and Matra, the defense and electronics group. This technology-based link is the sort of EC contact that the neutral Finns most welcome. They have no enthusiasm for getting closer to the political processes of European countries that are members not only of the EC but for the most part of NATO as well.

New Hampshire: A Nostalgia-Ridden Wasteland

MANCHESTER, New Hampshire — Ernest Hebert is finishing a five-ovule cycle set in southwest New Hampshire. Driving on back roads to Keene from Hanover, home of Dartmouth College (motto: "Vox Clamantis in Deserto," A Voice Crying in the Wilderness), Mr. Hebert says: "There may be more woods here than there have ever been. The forest is transforming itself back to what it was when the white man arrived, and maybe before that — the Indians had a sort of slash-and-burn agriculture. The nature of the landscape says a lot about the people who live here. It's a messy forest, and as a result people have messy yards."

in New Hampshire but in America. Also, the idea was to give tourists and summer people more romance to believe in and spend money on. Soon, the air fairly crackled with self-consciousness. Today's backwaters have hefty stocks of books about New Hampshire, the picture books that show nothing of the snowmobiling gun nuts, the books with titles like "How to Talk Yankee," and of course the collections of Yankee jokes.

erful bishop or veterans' lobby or television station to rally around. New Hampshire may be prudent and civil — it ranks fifth in motor vehicle registrations per capita, but only 31st in accidents — but who do these people think they are, that they can get such a grip on the American body politic? Long live the image of this nostalgia-ridden wasteland, even though the reality is dead.

100, 75 AND 50 YEARS AGO

1888: Mind Your Hat

MADRID — The Municipal Judge of the Central District of Madrid has condemned two Protestant professors to six days' imprisonment and twenty-five francs fine and costs for having refused to take their hats off when asked to do so by a Catholic priest, who was carrying the Host in one of the streets of the capital.

1913: Battle in Mexico

NEW YORK — According to news from Mexico City, the battle between the Government troops and the insurgents, under Colonel Felix Diaz, was resumed at daybreak (Feb. 12), the city being shaken by the thunder of heavy artillery. The United States Ambassador and the German Minister visited President Madero's headquarters, demanding that the conflict should cease. The President intimated his desire for an armistice. Large numbers of persons are reported to have been killed in the conflict.

Withdrawal Or More of The Game?

By A. M. Rosenthal

NEW YORK — Mikhail Gorbachev faces a challenge, entirely worthy of his abilities as a master politician. The task before him is to make sure that a withdrawal of Soviet forces from Afghanistan, if it takes place, does not diminish full Soviet control of the country. His predecessors spilled seven blood to invade Afghanistan. Mr. Gorbachev will build on what they achieved — Soviet domination of Afghanistan for the first time in history. He will struggle to keep Soviet control without more cost in Soviet lives. If he succeeds, he will be a hero at home and in the world, and still maintain Soviet power in South Asia.

For almost 200 years, Russian rulers have tried to conquer Afghanistan. Kipling called it "the Great Game." Now, Soviet-led Afghanistan puts the Soviet empire at the doors of the Indian subcontinent. Moscow need not invade Pakistan and India. All it has to do is knock firmly, it will be heard. Afghanistan also puts Soviet power within tank distance of the warm waters of the Indian Ocean. From Afghanistan, the Soviet Union can move deep into Iran. A true prize, Afghanistan, for a great imperial power. But the Afghan resistance made Moscow pay a price: 10,000 Soviet lives, a wound never stanching, bitter, in the months of Soviet parents. Mr. Gorbachev is flexible enough to see that perhaps control can be maintained without the Red Army and that it is not only Afghan blood that will be shed. Soviet troop withdrawal will leave behind a puppet government whose ministries are faced with Soviet "advisers." This regime has international recognition. It also has a well-trained army, years of military supplies and a Soviet-created air force. It has a powerful secret police with close ties to the KGB. It has the prospect of unending Soviet-bloc economic assistance.

The Afghan resistance will find itself alone, without the U.S. military assistance that has kept it fighting. It will be under pressure to join a Communist-dominated government. If it does not, the world will shake its finger, call them naughty and turn away. One million Afghans have died. Five million, a third of the nation, are in exile. The Afghans deserve an honorable peace. It is up to the United States, which profited from the stunning bravery of the Afghan resistance, to struggle or give.

1. Moscow must agree to meet with the Afghan resistance. Three countries — America, Pakistan, the Soviet Union — are determining the fate of a fourth. Something like this happened once before, in 1938, in Munich.

2. The United States should try to wiggle out of its incredible commitment to end aid to the resistance when the Russians begin to pull out, replacing it with a phased cutoff.

3. The withdrawal agreements should remove not just Soviet troops but also the small army of "experts."

4. Soviet air and communication bases must be dismantled, not turned over to Kabul and the "experts."

5. Territory along the Soviet-Afghan frontier that has been annexed de facto by Moscow should be returned. So should the 10,000 Afghan children in the Soviet Union.

6. The secret police should be mied not by the Kabul regime but by an interim government selected by a traditional council of elders in which Kabul would take part along with resistance politicians and military leaders and representatives of Afghan clans and refugees. The permanent government should be chosen by an election in which the Communists can run, after the millions of refugees return. This would mean a concession by the resistance, which loathes the Communists and wants them out or dead, preferably both. It would also mean the end of total Soviet domination.

Shultz Plans... Broadcast Trip... Advance... Peace Effort... WLEX: Protests... IMAGE: You Can G... (Vertical text on the right edge of the page)

Withdrawal Or More of The Game?

By A. M. Rosenthal

NEW YORK — Mikhail Gorbachev faces a challenge as a politician. The task before him is to make sure that a withdrawal from Afghanistan does not diminish his leadership of the country.

His predecessors spilled blood to invade Afghanistan. Gorbachev will build on what he achieved — Soviet domination of the Middle East for the first time in history — will struggle to keep Soviet troops out of the Middle East. He will be a hero and in the world, and a hero in the Soviet Union.

You do not have to be a cynic to see that Gorbachev's immediate goal is to realize that he has shed much of the political and military structure of the political and military structure of the Soviet Union. He would fail in his duty as a politician if he did not do this. He would be turning back to what Moscow has traditionally avoided: deep Russian involvement in Afghanistan. He would be turning back to the Soviet army's sacrifices. He would be turning back to the long power of the Soviet Union. He would be turning back to the sense of urgency brought by the Middle East. He would be turning back to the sense of urgency brought by the Middle East.

Shultz Plans Mideast Trip To Advance Peace Effort

By Paul Lewis

WASHINGTON — Secretary of State George P. Shultz is to visit the Middle East later this month in an effort to advance the regional peace process, the State Department announced Friday.

Mr. Shultz is expected to depart on or about Feb. 24, the department announced. It did not say which countries he would visit.

Previously Afloat

Earlier, David K. Shipler of the New York Times reported from Washington:

Mr. Shultz, who has kept himself aloof from most direct involvement in the Middle East peace efforts during recent years, has reportedly decided to give the matter his personal attention in light of the violent clashes between Palestinian demonstrators and Israeli soldiers during the past two months.

He was to be briefed by Richard W. Murphy, assistant secretary of state for Near Eastern and South Asian affairs, who has just returned from Syria, Saudi Arabia, Israel and Egypt, where he had made proposals to get peace talks moving.

None of the parties involved has embraced the U.S. proposals entirely, and each seems to have found something objectionable in them. Consequently, despite the sense of urgency brought by the Middle East, some U.S. officials and Middle Eastern diplomats say they are doubtful that much progress can now be made.

Mr. Shultz's projected itinerary has not been announced, but he is expected to visit Israel, Jordan and Egypt.

The administration is reportedly proposing elections by autumn among the Palestinians in the Israeli-occupied West Bank and Gaza Strip for an administrative council that would conduct municipal and other local affairs during negotiations on the final status of the territories. Those talks would begin late this year or early next, and would be accompanied by some sort of international conference.

Prime Minister Yitzhak Shamir of Israel said Tuesday that he proposed this version of the autonomy plan, first outlined in the Camp David accord. He said he preferred a longer transition period — Camp David called for five years.

But Palestinians fear that since Mr. Shamir's Likud party is devoted to maintaining Israeli control over the territories, the process will never get beyond the autonomy stage. This is why the administration has proposed early negotiations on the final status of the territories.

In his final year in office, Mr. Shultz had reportedly planned to concentrate on the U.S.-Soviet relationship, and he is going to Moscow Feb. 21-23 to discuss arms control, Afghanistan and other topics.

Anti-PLO Moves Strain UN Relations With U.S.

By Paul Lewis

UNITED NATIONS, New York — After years of growing tension in their relations, the United Nations and the United States are on the brink of their most damaging confrontation as a result of congressional moves to close the Palestinian Liberation Organization mission here, diplomats and senior UN officials say.

In a report to member governments that was made public Thursday, Secretary-General Javier Pérez de Cuellar said the Reagan administration had assured him that the Anti-Terrorism Act of 1987, which seeks to close the PLO's observer mission, contravened U.S. obligations under international law and that the administration was seeking ways to avoid enforcing it.

The report said that the acting U.S. representative here, Herbert S. Okun, wrote to the secretary-general on Jan. 5 saying the measure "may infringe the president's constitutional authority and, if implemented, would be contrary to our international legal obligations."

As a result, Mr. Okun told the secretary-general, the administration intended to "engage in consultations with the Congress in an effort to resolve this matter" before March 21, when the law is to take effect.

But the secretary-general said the United States was refusing to submit the matter to arbitration, as



President Kurt Waldheim at the Opera Ball in Vienna. Outside, thousands of demonstrators called on Mr. Waldheim to resign.

it is required to do under agreements with the United Nations, and had repeatedly broken self-imposed deadlines for telling him whether it intends to close the PLO mission.

UN officials say they have proposed a solution that would allow Attorney General Edwin Meese 3d to say he is striving to enforce the Anti-Terrorism Act while still submitting the dispute to arbitration and delaying action against the PLO mission until the ruling is known.

Mr. Meese is being pressed by the State Department to accept such a compromise. He was expected to announce Wednesday that he would proceed with the closing of the mission, but the announcement was postponed at the last minute, and he is not expected to make a firm decision until next week.

If the administration closes the PLO mission and refuses international arbitration, the action is likely to be condemned by the General Assembly at an emergency session later this month, diplomats and UN officials say.

Israel was the only country to vote against a General Assembly resolution in December that said the closing of the PLO mission would violate international law and called for U.S. assurances that it would be allowed to remain open. The United States did not take part in the vote.

Late this week, senior UN officials and U.S. diplomats were working to dissuade angry Arab and other nations from forcing a General Assembly session before the United States has made its final position known.

If the assembly votes to take the matter before the International Court of Justice in The Hague, international lawyers say, the court is virtually certain to declare the United States in breach of its treaty obligations as the United Nations' host country.

In their efforts to prevent a confrontation, UN and State Department officials contend that the attorney general could say next week that he is ready to enforce the law but cannot do so immediately because a "dispute" exists between the United States and the United Nations under the 1947 Headquarters Agreement.

Under that treaty, any dispute between the United Nations and the United States over the application of the agreement shall be submitted to international arbitration.

The arbitration procedure requires the appointment of a three-member tribunal empowered to give a binding judgment. The secretary-general or the United States may also ask the General Assembly to ask the World Court for a judgment on legal points that must guide the tribunal's finding.

The Headquarters Agreement bars the United States from imposing "any impediments to transit to and from" United Nations headquarters on anyone "invited to the headquarters district by the United Nations."

Report of 20 Ethiopia Killings Raises Doubt on Resettlement

By Blaine Harden

WASHINGTON Post Service

NAIROBI — The reported killings by Ethiopian soldiers of at least 20 civilians this week has raised angry questions among Western aid donors about the apparent resumption of forced resettlement by the government.

The incident has also alarmed aid donors who are rushing to ship more than 1 million tons of food to an estimated 7 million Ethiopians who are suffering in a drought.

The government suspended its resettlement plan in 1986, acknowledging that there had been ill-treatment of famine victims by "overzealous officials." Resettlement resumed late last year with promises by the government that it would be voluntary.

According to sources reached Thursday by phone in Addis Ababa, troops had rounded up for resettlement about 3,000 people near Korem in the central highlands. The town is a major food distribution center, where bags of grain are handed out to about 12,000 families who walk in from the surrounding hills.

The sources said the soldiers, in making their selections on Feb. 7, appeared to single out peasants from Tigre, a nearby region controlled by rebels of the Tigre People's Liberation Front.

The rebels oppose resettlement, in which farmers from the northern highlands are transported to fertile regions in southwestern Ethiopia. Rebel policy is to press peasants not to volunteer.

Those rounded up Sunday were kept overnight in a shed and on Monday morning were ordered to board 17 trucks, the sources said. When they refused to move, the sources said, the soldiers opened fire.

"After they shot into the crowd, the people did board the trucks," a source said. He said the trucks headed south, apparently toward the government's resettlement transit center at Harbo in the Wello region.

[Ethiopia denied Friday that government troops had shot and killed 20 people in Korem on Monday when they refused to be resettled. Reuters reported from Addis Ababa. The government Relief and Rehabilitation Commission said the reports were "an outright lie" and part of a disinformation campaign.]

The head of the UN relief operation in Ethiopia, Michael J. Priestly, has demanded an official explanation of the reported shootings.

"This whole thing could have been one of those local guys who just got carried away with his orders," a relief official in Addis Ababa said.

According to this official, governmental directives recently have gone out to local administrators to speed up the movement of settlers. "They have been told to use force if they have to," the official said.

Since November, when the resettlement program resumed, it is estimated that 6,000 to 7,000 people were from the west-central Gondar region. Peasants from Gondar volunteered to resettle, officials say.

The government has pushed resettlement as the only sound alternative for farmers living in the environmentally ravaged and drought-prone central highlands.

The program began in late 1984, and moved about 600,000 people to sparsely populated land in the southwest.

While there was widespread Western criticism of the treatment of many of the settlers, reports by several relief agencies say that some of the resettlement areas have achieved or are nearing self-sufficiency in food production.

Iranians Attack Danish Tanker; Sailor Is Killed

The Associated Press

MANAMA, Bahrain — An Iranian helicopter gunship attacked a Danish supertanker Friday, killing one crew member and seriously injuring three, Gulf shipping executives reported.

The casualties, all Danes from the 339,000-ton *Kate Maersk*, were airlifted by helicopter to the southern Gulf port of Dubai, United Arab Emirates.

Shipping executives in the Gulf said the helicopter blasted two rockets into the bridge of the supertanker, starting a fire that destroyed the engine and radio rooms before the crew extinguished it. The tanker was under tow by midmorning, en route to Dubai.

Iran also claimed Friday that its planes bombed Iraqi troops concentrated east of the Iraqi port of Basra.

A communiqué broadcast on the Tehran radio said the midmorning bombing inflicted heavy casualties on Iraqi forces. The communiqué said the attack was in retaliation for Iraqi air raids that killed 12 civilians in southern Iran a day earlier.

WALDHEIM: Panel Is Assailed

(Continued from Page 1)

bombs and bottles at the police, the authorities said.

Mr. Waldheim has steadfastly rejected calls for his resignation, saying it would only increase tensions in Austria and undermine democratic principles.

The president, a former UN secretary-general, was elected to a six-year term in June 1986. He has denied any wrongdoing while serving in the Balkans during World War II.

For a long time, he maintained that he knew nothing of deportations of Jews or reprisals against partisans in the Balkans. Since Monday, he has admitted knowing, but has said that "knowledge is not a crime."

Walter Heinzinger, a parliament deputy of the pro-Waldheim People's Party, the conservative

FLORENCE: EC: Summit Falters Over Farm Deal

(Continued from Page 1)

only way to end the community's perpetual financial crises.

Without strict controls, Britain and the Netherlands have said they would block new funding and extra spending for less developed regions.

Both Mr. Kohl and Prime Minister Jacques Chirac of France, who face elections in the spring, are intent on protecting the incomes of farmers in their countries. They took a stern line against strict controls on agricultural subsidies.

French sources said that tempers flared Thursday night during a working dinner when Foreign Secretary Sir Geoffrey Howe of Britain described a suggestion by Mr. Chirac to turn unwanted crops into fuel as "insane."

The Brussels meeting was the third attempt in eight months by leaders of EC nations to solve the financial crisis.

The proposals endorsed by West Germany envisaged looser controls on EC farm spending than those rejected by Britain at a December summit meeting in Copenhagen. The proposals also envisaged an increase of about 70 percent over five years in aid for depressed regions.

Don't Visit by Car

(Continued from Page 1)

ed by a huge influx of tourists. Last year the city received about six million visitors.

Massimo del Gigia, a spokesman for the city government, said planners are looking at ways to discourage what he called "flying tourists" — people who race around the Uffizi, the Pitti Palace, the Palazzo Vecchio and the Duomo in a morning, then depart without spending any money.

"At the height of the season, you cannot move in the streets," he said. "We would like to attract tourists who stay a couple of days and get to know the city."

Mr. Cioni predicted that the traffic ban would make life more pleasant for visitors, since historic squares will no longer be used as parking lots and the streets will be given over to people. "We have a beautiful city, and we want people to see it that way," he said.

Mr. Cioni said the city council would review the traffic ban after a week and make any adjustments necessary. The municipal police force has been boosted to 750 men and women from 450 to enforce the regulations.

ANEX: Protests Dramatize Division of Jerusalem

(Continued from Page 1)

not used, live ammunition inside the city. While at least 54 Palestinians have been killed by army gunfire in the occupied West Bank and Gaza Strip, there have been no deaths in Jerusalem.

Nevertheless, violent incidents have become a daily occurrence, although they have been confined for the most part to Arab neighborhoods. Police officers have used tear gas repeatedly to break up demonstrations in Arab neighborhoods, and Arab youths have burned at least three Israeli vehicles in Arab neighborhoods.

"Jerusalem has become a focal point of the riots," the mass circulation daily Yedioth Aharonoth said in an editorial. "The pillars of smoke and tear gas over its neighborhoods place a question mark over the coin of phrase 'united Jerusalem.'"

The riots have been a surprise for Israelis from all sides of the political spectrum. They had shared a broad consensus that Jerusalem would never be divided again.

With the extension of Israeli law over East Jerusalem, Arabs in the city were granted legal rights that Arabs in the territories did not enjoy, such as the right to vote in municipal elections, the right to publish newspapers and even the right to vote in national elections if they renounced their Jordanian citizenship.

"In return, the Israelis expected East Jerusalem to serve as a trouble-free zone," said Yehuda Litani, a journalist for The Jerusalem Post. "Last month's events broke this agreement."

The turning point came Dec. 19, a Saturday, when Palestinian youths went on a rampage in East Jerusalem, lashing out at Israeli institutions and smashing the storefronts of Israeli banks that serve the Arab population.

About a month later, on Jan. 22, the Israeli authorities extended emergency regulations, previously used only in the territories, to East Jerusalem. Without consulting city officials, who opposed the action, the national police imposed a 22-hour curfew on the 2-Tier neighborhood on the Mount of Olives, where youths had been blocking traffic, stoning cars and burning tires along a main road.

Last Sunday, they imposed another curfew on the Shuafat refugee center, where rioters had routinely blocked a main road leading to Jewish suburbs.

Almost every day, civilian buses are stoned inside Jerusalem, and skirmishes between Arab youths and the police often follow.

The tensions have been aggravated by the police use of tear gas in breaking up protests at Al Aqsa Mosque in the Old City and by the decision of Ariel Sharon, the architect of the 1982 Israeli invasion of Lebanon, to reside in the Moslem Quarter of the Old City.

Recent events have even strained business ties between Jews and Arabs. Stores in the usually bustling Arab *souk* in the walled Old City, where Israelis used to flock Saturdays when Jewish-owned stores are closed, have been closed for more than a month.

Even at the Western Wall, the only remnant of the biblical Temple and Judaism's holiest shrine, the number of worshippers is reported to have dropped.

"For maybe 20 years, Israelis really believed they had separated East Jerusalem from the West Bank," said Daoud Kuttab, a Palestinian journalist who lives in Jerusalem. "But for Palestinians, East Jerusalem has always been occupied territory."

Referring to the Israelis, he added, "That's the surprise they are facing — that it's basically the same."

ISRAEL: Internal Strife

(Continued from Page 1)

a huge concession in the Camp David accord, said Mr. Shamir, "now they come and tell us: 'Forget about it — that concession has already been made. Now we want new concessions.'"

Mr. Shamir's remarks followed comments by Mr. Peres on Thursday in which the foreign minister suggested that the wave of unrest could have been avoided had Mr. Shamir acceded to the demand of King Hussein of Jordan for an international Middle East peace conference last year.

The two Palestinians killed Friday were boys aged 17 and 14, according to the radio. It said they were shot during clashes in narrow market streets after prayers at a mosque.

Doubt Over PLO Ship

A spokesman for the Palestine Liberation Organization in Athens insisted Friday that plans would go ahead for a ship to leave Greece on Saturday and carry Palestinians to Israel, The Associated Press reported.

But earlier, Abdul-Jawad Saleh, a member of the PLO committee planning the journey, said the group did not "have a boat yet."

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IMAGE: You Can Change from Wimp to Wunderkind

(Continued from Page 1)

the time you cross the door you are either in or out."

Mr. Thornbury's clients include Merrill Lynch, Smith Barney, and Coca-Cola. And they pay up to \$2,000 for all-day seminars.

The job of image consultant is to help you "take it all you make it," as one prominent practitioner put it.

"It's amazing how many mistakes people make, even sophisticated people, in their dress, manner and appearance," says Lynn Pearl, a former actress and model and now head of Executive Image in Chicago. "No one can be successful today unless he can create the right visual effect. TV has seen to that."

At Frederick Knapp's self-projection workshop in Manhattan, he and the staff of Frederick Knapp Associates focus a lot on the "Don'ts." Don't sit with legs apart or knees pressed together — one is sloppy, the other uptight.

For 1750 and up, executives learn the "power gestures" — the Executive Freeze or the Golf Grip, mannerisms designed to rivet the attention of one person or an audience of hundreds. Mr. Knapp's clients include AT&T, Kidder, Peabody, IBM, and Xerox.

"My clients aren't losers," says Elaine Post, founder and head of The Image Institute. "They are achievers who want to be even better than they are."

Ms. Post sees herself as a "strategist, part psychologist, part nutritionist, part dermatologist — whatever it takes."

She gives people quizzes, reconstructs their psyches, takes them on shopping expeditions and shows them the cars. At an hourly rate of \$100, caring is the main thing. "No one would come to me if I didn't demonstrate concern," she insists.

She trains people for Revlon, Neiman-Marcus, and Manufacturers Hanover Bank, among others, making "emergency repairs" when necessary.

It's important that executives and professionals perceive how the rest of society sees them, muses Susan Bixler, a fashion expert.

Although Carnegie himself has been gone from the scene for three decades, his self-help courses are still flourishing.

1988 Words by Wre

COLLIDE: Warships Bump

(Continued from Page 1)

class destroyer executed the same scraping maneuver against the 9,600-ton Yorktown, which was moving eastward 11 miles from the coast.

"Both ships encountered very, very slight damage," Captain Flynn said. "Essentially they were just grazed on the side. There were no personnel casualties reported, and the ships continued on their way to the east. Both ships are operating routinely in the Black Sea."

Phyllis Oakley of the U.S. State Department said there was "no justification for the Soviet action, which endangered lives and ships." She said that the United States had protested the actions "in the strongest terms."

The U.S. undersecretary of state for political affairs, Michael H. Armacost, summoned the Soviet ambassador to the United States, Yuri V. Dubinin, to lodge the protest, Mrs. Oakley said.

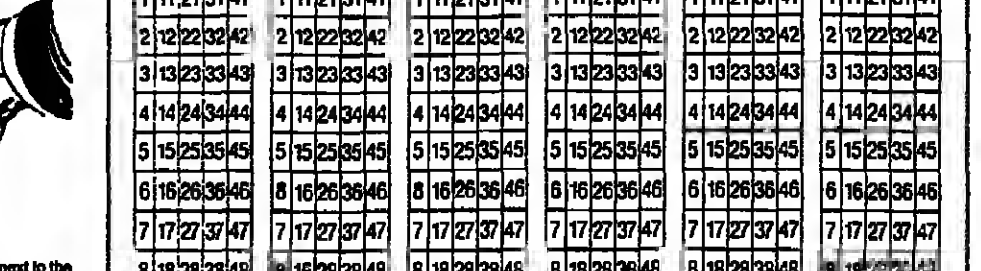
"There is no question of our legal right to operate our ships in the manner and at the location where the USS Yorktown and Caron were operating at the time of the incident," Mrs. Oakley said.

Mr. Dubinin said after he met with Mr. Armacost that the two U.S. ships had "violated the state border to the area of the southern coast of the Crimean Peninsula."

"The ships did not react to the appropriate signals by our border patrol," he said. "They were engaged in a hazardous maneuver, which resulted in a collision with Soviet ships. The actions of the U.S. ships are viewed as deliberate provocation. For these reasons we have strongly declined the U.S. protests."

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ARTS / LEISURE

Lost in Vienna's Cultural Confusion

International Herald Tribune LONDON — There are times when the artistic cross section of a culture projects a picture of decadence — and worse to come. Therein lay the fascination of Sotheby's sale on Wednesday, put together by Alex Apsis, head of the department of 19th-century European paintings. The subject was "Vienna 1880-1930 Paintings and Drawings."

List's "On the Way to Church" could not be more different. The 188-by-102-centimeter (74-by-40-inch) scene features a procession of women in black taffeta skirts and pale pinkish blouses who seem to be fluttering in a balletic movement toward the entrance of a church. List has tried to create rhythm through repetition and to contrive an atmosphere of magic spell.



Koloman Moser's portrait of his mother-in-law sold for \$44,000.

SOUREN MELKIAN

al disintegration means. It starts with the loss of a common vision. A capital where such works as Sergius Hrubý's "Apotheosis," Wilhelm List's "On the Way to Church," Gottlieb Theodor Kempf von Hartenkamp's "A Muse Reading" and Gustav Klimt's black chalk sketch for "Marie Hanneberg Seated in a Chair," were all done in the same year, 1901, cannot have felt much at peace with itself. Some of these decidedly point to a loss of mental balance.

Unfortunately List's pictorial ability did not match his Symbolist ambitions — his work borders on photographic realism hardly improved by oversimplification. This was left stranded, even though Apsis discreetly nudged catalogue readers by reminding them that "On the Way to Church" was included in the 1901 Secession exhibition in Vienna.

There was no little irony in seeing this piece of would-be revolutionary aestheticism in the same sale as a splendid specimen of the academic art from which List and others strove so hard to dissociate themselves. Kempf von Hartenkamp's "Muse Reading" is a typical product of the Künstlerhaus, the establishment bastion to which the painter was admitted a year later. A woman is standing, book in hand, in theatrical garb — white sash — and equally theatrical posture, her body bent slightly forward and her left hand pointedly extended toward the viewer.

List and Kempf von Hartenkamp must have seen themselves as miles apart. Intellectually, they were pretty much in the same boat. On Wednesday, nobody wanted "Muse Reading" either, unsold at \$15,000.

In the midst of all this, Klimt emerges as the odd one out. With an impish sense of contrast, Apsis chose to run Klimt's sketch on one page and List's portrait of one "Ida B." on the other. The nervous stokes of Klimt vibrate with energy. He has left the face without features within the general outline and barely indicated the hands — he was weak on faces and hands.

Yet, the silhouette is a masterpiece of expressiveness, alert, almost aggressively questioning. "Ida B." on the other hand looks like a photograph painted in oil. The dog at her

feet would not be out of place in a yearly review of prized animals. The buyers were on List's side Wednesday. "Ida B." went up to \$5,500. Marie Hanneberg was bought in at \$10,000. His masterpiece in the sale, a black chalk sketch of Adèle Bloch-Bauer 45 by 30.5 centimeters, done in 1903, made it only to \$16,500. Apsis' low estimate. If it were necessary to disprove again the old saw that in times of crisis only "the best" sells, that did it.

Perhaps the diversity of the aesthetic experiments made it harder for buyers to see daylight.

Perhaps the bewildering diversity of the aesthetic experiments conducted in the Austro-Hungarian capital for two generations, essentially from about 1890 until the end of World War I, made it harder for buyers to see daylight. They could not even get a clue from sticking to a single name. The lack of consistency can be observed within the oeuvre of the two towering figures on the Vienna scene.

negligently beckons at winged little fellows known in 18th-century art as putti. This spoof of Louis XV period painting inspired by the now forgotten Hans Makart is in the manner that first made Klimt famous in Vienna. Influenced, no doubt, by history, buyers paid a mind-boggling \$35,200 for this 16-by-70-centimeter piece of period kitsch.

The maestro took to doing these at a young age. In 1883, he and his brother Ernst were roped in by Franz von Matsch, an art establishment figure whose students they were, to set up a partnership in order to do just that sort of thing. For years the trio thrived. Together, they produced the uniformly ghastly ceilings of the theaters in Fiume and Carlsbad, the stairway of the Kunsthistorisches Museum in Vienna, where few among the millions of visitors would detect the hand of Klimt. The museum job was so well received it got them the commission for the ceiling of the great hall of the University of Vienna in 1893. That was the beginning of the end for Mr. Hyde.

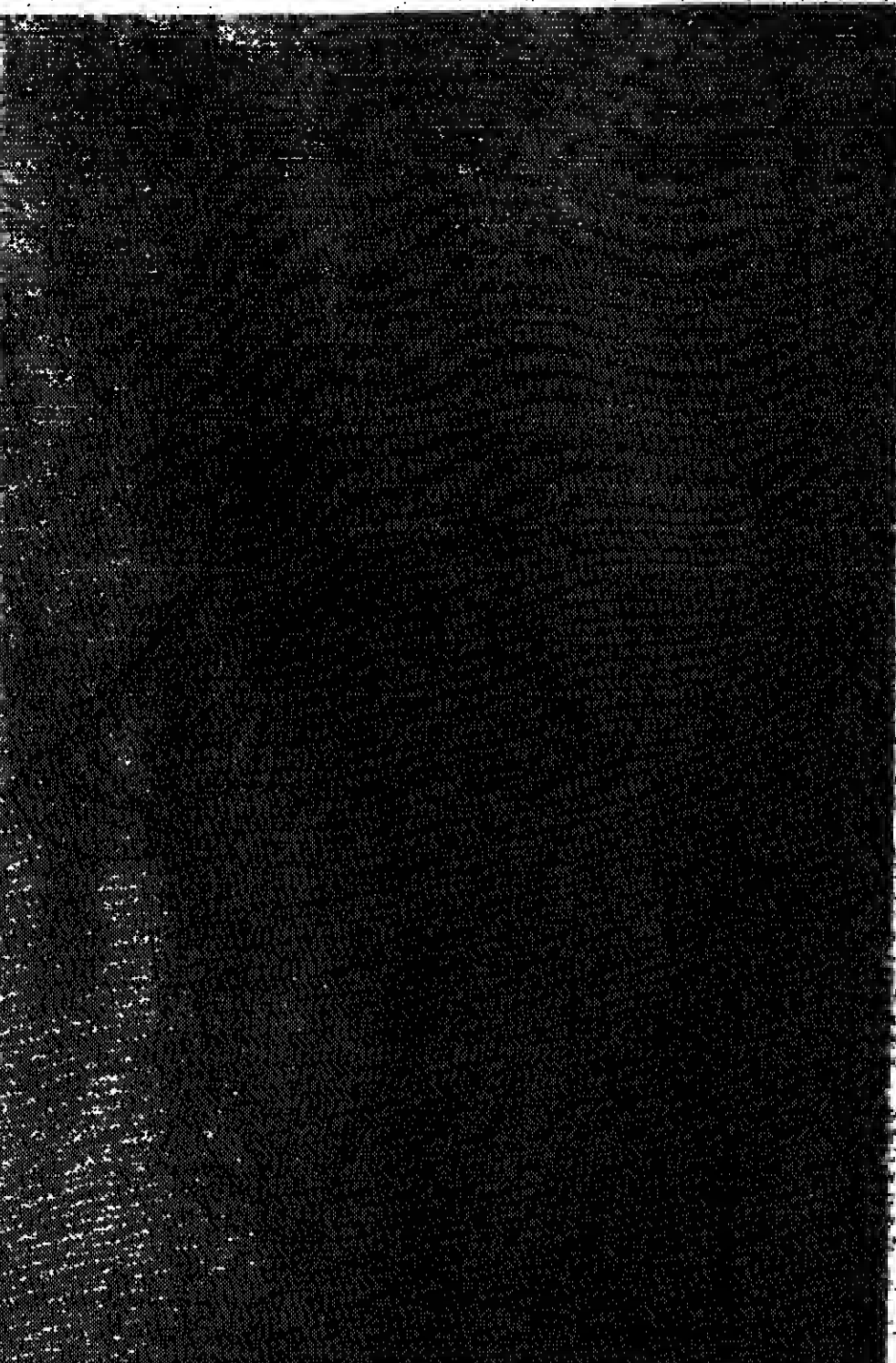
Von Matsch was to do a central panel "The Triumph of Light Over Darkness," a subject deemed opposite for the university hall, and a corner panel, "Theology." A reduced version of the central panel done in 1897 was in Wednesday's sale. Figures are floating in the air, including a bearded old man looking a bit foolish in draperies that might slip off any moment while he holds up a sort of oversized Easter egg, while the radiance of a white face at the center chases away a dark horse — "Darkness," precisely. The establishment has not changed much, judging from the \$48,400 enthusiastically paid for the von Matsch. Klimt's corner panels, on the

other hand, "Philosophy," "Jurisprudence" and "Medicine" did not go down terribly well in 1893. They were rejected. Deeply hurt, Mr. Hyde-Klimt broke with the establishment and was reborn as Dr. Jekyll-Klimt, the avant-garde painter.

The other case of startling flexibility, if in very different genres, is Koloman Moser's. As a portrait painter, the furniture designer worked around 1910 in a style that bears witness to strong French Symbolist influence, absorbed via the work of the Swiss Ferdinand Hodler and the Dutchman Jan Toorop. The portrait of his mother-in-law in Wednesday's sale was striking. The profile of the aging woman seen head and shoulders is set against a Van Gogh-like ground in acid yellow. The outline is crisp, the expression vigorous. There is none of your early-Klimt kitsch here. A collector made a real coup when he bagged the portrait for a mere \$44,000.

In another impersonation that started even earlier, Moser did a series of designs that anticipate by two decades aspects of the later Art Deco style. One of these, done about 1906, was in the sale. It would still have looked modern by 1925 with its stylization of foliage and birds. On Wednesday, it went for \$60,500. If we did not know it for a fact, there wouldn't be a clue that the portrait and the design were done by the same hand.

Such a mix is not necessarily easy to sell. Throwing in for good measure daubs beyond the pale such as Adolph Hirsch's "Birth of Venus" or Alexander Rothaug's "Abduction of the Oracles" makes it a lot chancier when times are difficult. The former was bought in at \$11,000 while the latter sold for \$7,700. At the end of the day, the gross total stood at \$1.3 million, effective sales reaching \$687,000, only 53 percent in value. This is both brilliant and a severe warning — brilliant for doing so well out of so little of substance, but a warning not to carry speculation to such wild extremes. The next time, the market bubble might burst altogether.



Gustav Klimt: This sketch of Adèle Bloch-Bauer, done in 1903, was sold for only \$16,500.

Some Critical Fun with 'Parsifal'

By Henry Pleasant

LONDON — The local music critics have had a bit of fun describing what goes on in the Royal Opera's new "Parsifal." Where? Who? What? When? How? Most agree that the time is the early 1940s, and the setting either west country England or Ulster, although one has opted for Dresden. The ritual has been described as vaguely Masonic. All agree that what we are offered is "a communal act of story telling," as one critic puts it, or, as another has it, "a kind of communal and plebeian mystery play."

couple of nets of used Kleenex tissues." The palm, however, goes to Nicholas Kenyon who led off his notice in "The Observer" with: "I was always rather worried about Bill Gurnemann. He seemed a decent cove, and the boys liked his biology lessons, but ever since he started popping down to that ruined church by the playing fields with the fourth formers, the rumors have been wild. We knew he liked dressing up, but then that cope disappeared from the sacristy in the school chapel. The Grail House hockey trophy went missing one night, and Jones Minor was seen dashing across the fields in the mist. Someone said they saw the entire local Masonic lodge creeping down the lane at midnight in full regalia with some chaps from the Home Guard: what do they get up to?"

The production is by Bill Bryden, a theater director with a long list of theater and television successes to his credit, trying his hand at opera for the first time. While fundamentally misguided (the way to do "Parsifal" is to do what Wagner very explicitly tells you to do), the overall effect is better than a catalogue of its blemishes would suggest. It is seriously conceived, acted out with theatrical finesse and well paced.

plague of producers is the only alternative to making the opera house a museum: could have learned something from the English Bach Festival's one-night stand at the Royal Opera House last Sunday with the 1774 Paris version of Gluck's "Orpheus et Eurydice," previously seen at the festivals in Athens and Granada.

Gurnemann suggests "little more than an amiable, sweetly smiling go-goodie," or a "Mr. Chips-like Gurnemann." The grail is "of Cup Final size and shape and when Arctonofans 'unveil' it, he simply lifts the lid off." The magic garden is "a

There is, first, Waltraud Meier's superb Kundry. She was Bayreuth's Kundry last summer, and today, in that role, is probably in a class by herself both vocally and dramatically. Sharing top honors with her Kundry is Robert Lloyd's admirably voiced and clearly articulated Gurnemann. The voice lacks the gravity of the great Gurnemanns of the past — Bohlen, Kipnis, Weber — or the contemporary Kurt Moll. And he is handicapped by a production and makeup that make and keep him too young. But it is a splendid achievement.

The Amfortas of Simon Estes and the Kingsor of Willard White are also very well sung, although the production makes Estes' physical appearance and movements too robust for the ailing ruler. Peter Seiffert in the title role sings well enough, but he, too, is handicapped by inept costuming.

Preference as between the 1762 original and the 1774 Paris revision, must be a matter of taste. The original is the more moving and the contrast to voice better suited to the expression of Orpheus' predicament. The Paris revision is the more decorative and enjoys enriching musical (and choreographic) additions. But for 20th-century eyes and ears, the dances at the close, "wonderfully well done as they were, go on too long. Vive le music!

Henry Pleasant is a London-based author and critic who specializes in music and opera.

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In memory of HEBE DORSEY a gathering of her family, friends and colleagues will be held on Monday, February 15, 1988, at 10 a.m. at the Cercle de l'Union Interalliée 33 rue du Faubourg-Saint-Honoré 75008 Paris

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ARTS / LEISURE

Scholars Probe The Legal Life Of Honest Abe

By Hebert Mitgang

SPRINGFIELD, Ill. — Using 20th-century tools — computers, data bases and statistical analysis — the legal career of Abraham Lincoln is being tracked all over the United States.

"The Lincoln Legals" is a major project that will continue for the next five years and produce at least three volumes of cases and documents. It is the biggest potential reservoir of new information in the field of Lincolniana since Robert T. Lincoln's papers on his father were opened at the Library of Congress 40 years ago.

Many of the details about the cases Lincoln handled during his 23 years of practice have been lost to history. Now a national search is on to recover documents that are in private hands, courtrooms, newspaper files, libraries and attics that would shed light on Lincoln's law career — and therefore on his motives, abilities and even some of the mysterious aspects of his personality.

These nine-volume "Collected Works" of Lincoln documents that are published 35 years ago does not include his legal cases, which were supposed to be brought out separately. The legal material was considered too scattered and inaccurate to include. Lincoln

tried at least 3,000 cases at all levels of the state and federal court systems. He argued about 250 cases before the Illinois Supreme Court. There are some 75,000 documents relating to these various actions.

The ambitious research project could help to fill in many blanks about Lincoln's professional life. Among the questions that "The Lincoln Legals" hopes to offer clues to are these:

Was Lincoln just a small-time country lawyer or was he really a big-time railroad lawyer? Would he take any case regardless of his principles — and why on a few occasions did he defend certain questionable clients? Did knowledge of the law mold his character — and what effect did his legal background have on his brilliance as a writer and his controversial wartime interpretations of the Constitution?

The 16th president practiced in Springfield from 1837 until 1861 — he laughed when an old friend told him he was "too lazy to be anything but a lawyer" — before bidding farewell to his neighbors at the Great Western railroad depot and riding off to the White House and into history, never to see his hometown again.

Seated at Lincoln's desk in the quaintly preserved law offices of Lincoln & Herndon on the third floor of the brick and wood building on the corner of Sixth and Adams streets, Roger D. Bridges spoke of the quest that he and his



Lincoln, the lawyer president, carved in stone: "Resolve to be honest at all events."

full-time three-member staff are pursuing to unearth the Lincoln legal cases.

Bridges' own office is only a few doors from the modest rooms once occupied by Lincoln & Herndon. A historian and the former head librarian of the Illinois State Historical Library, he serves as director and editor of the project, which is supported by the Illinois Historical Preservation Agency, the private Abraham Lincoln Association and

the University of Illinois law school. Its annual budget is \$330,000; the project is still shy nearly \$100,000 for this year.

"The Lincoln Legals" has already discovered new material, Bridges said, including information about cases in which Lincoln was engaged all over the Eighth Judicial Circuit, sometimes for his own clients, at other times as co-counsel with lawyers who sought his services as a courtroom advocate or to

argue their cases before the Illinois Supreme Court. Some material was found in bank lockboxes, some in lawyer's offices as decoration, some in old courthouses.

Bridges said that a number of Lincoln's cases set precedents. "Among his more notable cases was Hurd v. the Rock Island Bridge Co., tried before the U. S. Circuit Court in Chicago in 1857," he said. "That case, as Lincoln insisted, affirmed the right of railroads to equal access with river boats to transportation routes. And in an important Illinois Supreme Court decision, The Illinois Central Railroad Co. v. the County of McLean in 1854, Lincoln won an exemption for the railroad from taxation by a local unit of government."

For a hundred years, historians and biographers have wondered about Lincoln's role in slave cases in Illinois. He found himself as an advocate on both sides in two separate cases. He successfully defended the freedom of a slave, Nance, in the Supreme Court in 1840, but he lost in 1847 when he attempted to uphold the rights of a slaveholder, Robert Matson, who brought a Kentucky slave to Illinois.

"The Matson case is just the kind



of case that we're anxious to find more documentation about," Bridges said.

Since "The Lincoln Legals" got into high gear about a year ago, private dealers, lawyers and court officials in Illinois and New York have produced documents in their possession.

"We found 12 Lincoln cases in the Federal Records Center in Chicago," Bridges said. "We know that Logan & Lincoln handled at least 700 bankruptcy cases in 1842 because lawyers from all over the state sent their cases to Springfield, where the federal court existed on the second floor of this building. Other records were burned in the Chicago fire."

Bridges said that one of their best sources of information were the Works Progress Administration records, assembled during the Depression by librarians, authors and editors.

"Some people later called this work for the unemployed just a bookend, but it is very valuable to us today," he said. "The WPA workers prepared an index to all the Illinois newspapers that contained Lincoln references. We have dozens of boxes of these newspaper citations which we're now following up. Since the courts kept very poor records the newspapers often reported the facts in important cases. Here is where we expect to find a great deal of information."

Bridges said that one of the great dreams of his staff was to find comments by Lincoln himself on the law and its meaning to him and the nation. He cited the one known fragment in existence — Lincoln's notes for a law lecture in 1850.

Lincoln said: "Resolve to be honest at all events; and if in your judgment you cannot be an honest lawyer, resolve to be honest without being a lawyer. Choose some other occupation, rather than one in the choosing of which you do, in advance, consent to be a knave."

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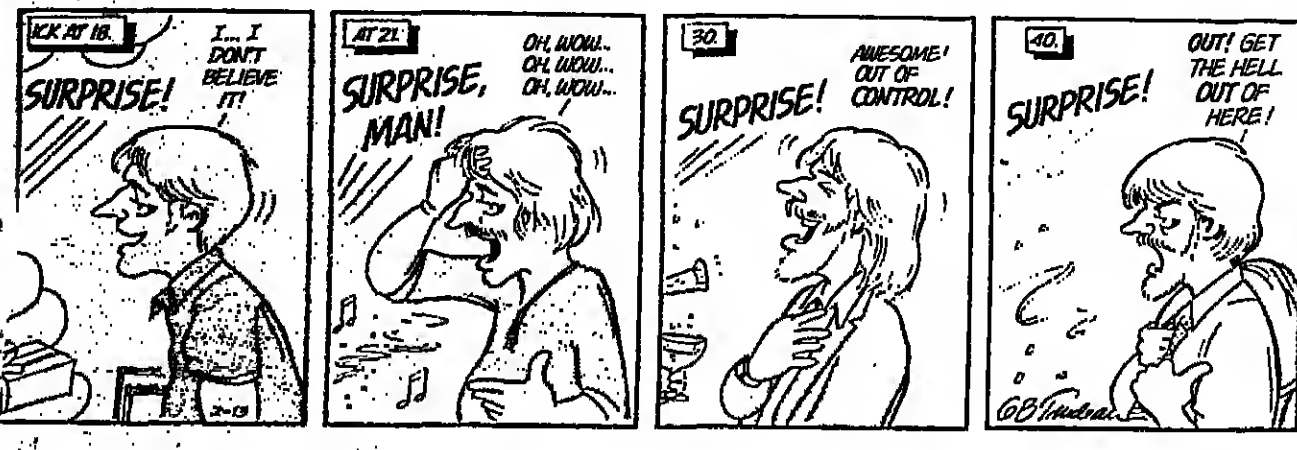
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Collector's Guide PARIS IVRY-SEINE-VAL DE MARNE INTERNATIONAL ANTIQUE & SECOND-HAND FAIR 1st to 8th March 1988

rsifal' je de producteurs is the or native to making the age se a museum could be ed something from the E Bach Festival's one-act i at the Royal Opera Hou Sunday with the 1774 Per on of Gluck's "Orphée et in previously seen at the fo in Athens and Granada. re the objective was to pr opera just as research sugge s originally seen in Paris, w choreography, period ng, period movements, at g, gestures, etc., supporte :BF Baroque Orchestra and eteran specialist Charles Fas e. It was a memorably it ful evening at the opera. e Paris edition calls for a g ontralto (originally a castin e 1762 Vienna premiere in is. The tenor was the Swiss A Jäggi. Although the voic small for so large an audie he is a stylish singer, and h ed movements and some l perfectly into Tom Havo ominantly choreographic p ion. eference as between the rE nal and the 1774 Paris reviv be a matter of taste. The og is the more moving and a ratio voice better suited to e sion of Orpheus's proble. The Paris revision is r decorative and enjoys car musical (and choreograph ions. But for 20th-cent and ears, the dances at e were, go on too long. ve le muse!

NYSE Most Actives table with columns: Vol., High, Low, Last, Chg.

Market Sales table with columns: NYSE, Amex, OTC, etc.

NYSE Index table with columns: High, Low, Close, Chg.

Friday's NYSE Closing Via The Associated Press

AMEX Diary table with columns: Close, Prev.

NASDAQ Index table with columns: Close, Chg, Week Ago, Year Ago

AMEX Most Actives table with columns: Vol., High, Low, Last, Chg.

Dow Jones Bond Averages table with columns: Bond, Yield, Chg.

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Odd-Lot Trading in N.Y. table with columns: Buy, Sell, % of Total

Dow Jones Averages table with columns: Open, High, Low, Close, Chg.

Standard & Poor's Index table with columns: High, Low, Close, Chg.

NASDAQ Diary table with columns: Close, Prev.

AMEX Stock Index table with columns: High, Low, Close, Chg.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

U.S. Trade Data Boost NYSE

NEW YORK — Stock prices rose Friday on the New York Stock Exchange after the government released figures showing the U.S. merchandise trade deficit had narrowed more than expected in December.

Although the trade data for December buoyed stock prices in the morning, analysts said the market failed to extend the advance further because the figure had been anticipated somewhat.

The trade news already had been substantially discounted, said Eugene Peroni Jr., a chief technical analyst at Janney Montgomery Scott Inc. in Philadelphia.

Larry Wachtel, a market analyst at Prudential-Bache Securities Inc., said Friday's trading followed a pattern similar to that seen when the November trade figures were issued a month ago.

"We rallied for 45 minutes and then spent the rest of the day hanging on," he said. "These numbers are not the cod of the journey, and then people are already waiting for the next number. It was an O.K. number, but it wasn't destined to drive the market forward throughout the day."

Table A: NYSE Most Active Stocks

Table B: NYSE Most Active Stocks

Table C: NYSE Most Active Stocks

Table D: NYSE Most Active Stocks

Table E: NYSE Most Active Stocks

Table F: NYSE Most Active Stocks

Table G: NYSE Most Active Stocks

Table H: NYSE Most Active Stocks

Table I: NYSE Most Active Stocks

Table J: NYSE Most Active Stocks

Table K: NYSE Most Active Stocks

Table L: NYSE Most Active Stocks

Table M: NYSE Most Active Stocks

Table N: NYSE Most Active Stocks

Table O: NYSE Most Active Stocks

Table P: NYSE Most Active Stocks

Vertical advertisement on the right side of the page, including 'Economic', 'Currency', and 'Interest' sections.

Handwritten signature or mark at the bottom center of the page.

BUSINESS/FINANCE

Statistics Index

Table with 2 columns: Item and Value. Includes items like S&P 500 index, Dow Jones, etc.

SATURDAY-SUNDAY, FEBRUARY 13-14, 1988

ECONOMIC SCENE

Ideas for Trimming Deficit Zero In on Military Budget

By LEONARD SILK

NEW YORK — The effort to bring down the U.S. budget deficit, which has swollen the gross national debt from \$1 trillion to more than \$2.5 trillion in the last seven years, is increasing the pressure on the military budget.

Confronting the problem of bringing commitments and capabilities into balance, Samuel P. Huntington, director of the Center for International Affairs at Harvard University, said the central foreign policy problems of the next administration "will be in the area of economics, which previous administrations generally avoided."

Writing in the current issue of Foreign Affairs magazine, he predicted that military spending under the coming administration, whether Republican or Democratic, "will not increase and may well decline."

The question is whether this can be done without weakening national security. William W. Kaufmann, a military specialist at Harvard, maintains that a host of cuts are feasible, especially in weapons systems that he calls unneeded. He has a long list of cuts that would trim \$368 billion from the five-year military spending projection of \$1.6 trillion made by Caspar W. Weinberger, the recently retired defense secretary.

Mr. Kaufmann gets his big savings from the navy (\$75.3 billion), air force (\$168.2 billion) and the "other" category (\$117.2 billion), where he sees savings in civilian personnel, national guard and reserve units, military construction and research and development. He would also have West Germany and Japan increase their share of the military burden by \$15 billion each.

Joshua Epstein of the Brookings Institution has his own list of cuts, including cancellation of the Midgetman missile, a capping of the MX missile program at 50 missiles and a slowdown in spending on the Strategic Defense Initiative and the Stealth bomber.

SOME ANALYSTS are skeptical of the "hit list" approach and call for major strategic changes that would allow sustained reductions over time. Thus, David Calleo of Johns Hopkins University recommends eliminating half the 10 U.S. divisions committed to the North Atlantic Treaty Organization. He would leave in Europe the five American divisions stationed there and cut the five U.S.-based, NATO-committed divisions for an estimated savings of \$50 billion. Other analysts put the resulting savings much lower.

With all the military and diplomatic complexities involved, drastic cuts in American military spending will be painful to work out and legislate. The military-industrial complex certainly has its own powerful constituency, as President Dwight D. Eisenhower stressed in his farewell speech. And the heavy carryover from past appropriations will also slow the pace of any reductions.

Nevertheless, it appears that some cuts are on the way. Secretary of Defense Frank C. Carlucci is expected to submit a five-year plan that would reduce the last five-year Weinberger budget by \$235 billion in outlays and by \$251 billion in budget authority. The implication of the Carlucci plan is zero real growth in military spending for the next five years, the Weinberger plan had called for real increases of 3 percent a year.

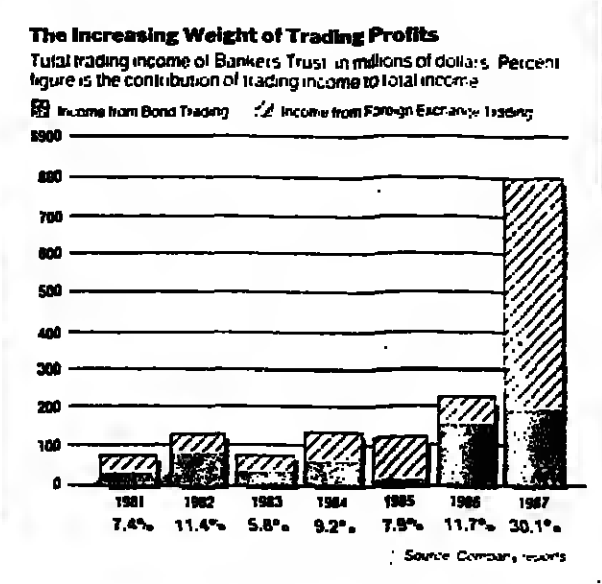
One reason for the growing focus on military spending is the political difficulty of making big cuts in other sectors. Proposals to reduce Social Security benefits or raise Social Security taxes, for instance, run into heavy opposition.

For the overall budget, net interest payments on the public debt are running at \$144.7 billion a year and will keep rising as the debt rises, unless interest rates plunge, which seems unlikely.

Sanford Rides High on Trading Profits



Charles S. Sanford Jr., chairman of Bankers Trust.



Brash Bankers Trust Is on a Roll

But Some View Its Currency Trading as Dickey Strategy

By Robert A. Bennett

NEW YORK — To many in the financial community, Bankers Trust New York Corp. has become a commercial bank with a trading-romantic mentality, focusing on minute-to-minute profits instead of on long-term relationships.

But if the once-gentle commercial bank image has given way to that of a brash Wall Street trading firm, the transformation has been well worth the cost, at least so far.

Last year, excluding additions to reserves for its loans to developing countries, Bankers Trust produced record earnings of \$637.2 million, including the charge for boosting loan-loss reserves, the bank company's net profit was a slim \$12.2 million that still contrasted favorably with losses at some big banks.

U.S. Wholesale Prices Rise, as Do Inventories

WASHINGTON — U.S. wholesale prices rose a brisk 0.4 percent in January as higher food costs more than offset declines in energy prices, the Labor Department said Friday.

The rise in the producer price index came after a 0.4 percent decline in December and was the steepest monthly increase since an identical 0.4 percent jump in September.

January's rise, if it persisted for 12 months, would amount to an annual inflation rate of 4.6 percent, compared with the 2.2 percent increase for all of 1987. Analysts, however, still expect that wholesale prices will be moderate through the rest of 1988.

"Generally speaking, inflation is still pretty mild," said Lawrence Chimpane, president of the Wafa Group, a Philadelphia-area forecasting service.

In other economic news, the Commerce Department said business inventories rose \$3.45 billion, or 0.8 percent, in December to a seasonally adjusted \$701.87 billion.

The increase followed a revised 0.9 percent rise in inventories in November and confirmed earlier government reports of an accumulation of unsold goods in the last three months of 1987 that economists expect to trigger production cuts this quarter. November inventories were previously reported up \$5.57 billion, or 0.8 percent.

Yet most economists believe that continued improvements in U.S. export sales will keep the country out of a full-fledged recession, defined as at least two consecutive quarters of falling gross national product, the total output of all a nation's goods and services.

In December, the large rise in inventories was led by a 1.5 percent increase in stocks held by retailers. Inventories held by wholesalers rose 0.6 percent while manufacturing stocks were up 0.4 percent.

The climb in inventories came while sales were rising 1.3 percent to a seasonally adjusted \$466.57 billion, after two months of sluggish activity. Business sales fell 0.4 percent in November, and were essentially flat in October.

Among the components of the producer price index, food prices increased 1.7 percent in January, rebounding from a 1.4 percent decline in December.

Natural gas prices rose 0.8 percent after a 3 percent increase in December. But steep declines were recorded for other forms of energy, which overall fell 4.5 percent, compared with a decline of 1.6 percent a month earlier.

The Leysen group and Suez said that their stake would amount to 52 percent, however, when all their followers were included.

But it became clear Friday that the groups Artois-Piedboeuf, Ibel and Copeba would not go along with the Leysen-Suez plan. Copeba and Ibel, which together hold 30 percent in Gevaert, are Belgian subsidiaries of the French merchant bank Paribas, an archival of Suez.

Officials at Artois-Piedboeuf, which holds 1.9 percent of Générale, declined to comment on their refusal. There was speculation that they were annoyed with Mr. Leysen for not consulting them prior to the agreement with Suez.

A spokesman for Copeba said the Suez proposals were "incomplete." He said Copeba wanted to know what Suez had to offer Générale in comparison with Mr. de Benedetti "from an industrial point of view."

Suez said it would continue negotiations with Belgian stockholders, but it was not clear what it could accomplish.

There was speculation in financial circles that a new figure might step forward to oppose Mr. de Benedetti, perhaps Albert Frère, chairman of the executive committee of Groupe Bruxelles Lambert, the big Belgian conglomerate.

A spokesman for Compagnie Européenne Réunies, Mr. de Benedetti's French holding company, said it had renewed talks with Belgian groups on his bid.

A spokesman for Mr. de Benedetti said that if he succeeded in gaining control, he would install a two-tiered management at Générale.

Alliance Seeking Control Of Générale Collapses

Boost Seen to De Benedetti



Carlo de Benedetti

BRUSSELS — The contest for control of Société Générale de Belgique fell into disarray Friday as an alliance of Belgian and French companies collapsed, giving the financier Carlo de Benedetti an improved chance of taking over the giant holding company.

Shares in Générale de Belgique SA plummeted 14.4 percent, or 700 Belgian francs (\$19.80) each, to close at 4,150 francs, amid speculation that the Italian financier was closer to victory.

The battle began last month when Mr. de Benedetti, the chairman of Italy's Olivetti SpA, said he had accumulated a 18.6 percent stake in Générale. He said he would seek effective control of the company to give it a more up-to-date, pan-European identity.

Mr. de Benedetti now claims, with unnamed allies, to control 38 percent. He will begin a public offer Monday for 15 percent more of the company's stock.

André Leysen, the chairman of Belgium's Gevaert NV, abruptly resigned Friday as spokesman for a Belgian investors group after three of the 18 partners in a Belgian-French alliance refused to ratify his plan for sharing control of Générale.

Mr. Leysen's group, which held 23 percent of Générale, had reached a draft pact Thursday with France's Compagnie Financière de

Suez, which held 20 percent along with allies.

The Leysen group and Suez said that their stake would amount to 52 percent, however, when all their followers were included.

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Bank to Join With Amro

AMSTERDAM — Amsterdam-Rotterdam Bank NV and Belgium's Générale de Banque said Friday that they would unite as a multinational banking group to improve their competitiveness as the European Community's internal trade barriers are dismantled in the 1990s.

The banks said the combined group would rank fourth in Europe in terms of deposits, with 250 billion guilders (\$131.6 billion) through settlements in 140 countries. It would employ 40,000 workers.

Both Générale de Banque, Belgium's biggest bank, and Amro, the third-largest Dutch bank, will operate independently in its home market. The banks' holdings will be pooled in a joint company called Tuba Holding International, in which each bank will hold a 50 percent stake.

The chairman of Amro, Roelof Nelissen, said the banks would be prepared to open their alliance to other partners. It was the first such cross-border agreement since the European Community set a 1992 deadline to free up the flow of goods and capital within the 12-nation bloc.

Each bank has already issued new shares to give the other a 10 percent stake. Mr. Nelissen said. The cross-held stakes will gradually rise to 25 percent over the next three years, he said, as each bank exercises rights to buy additional new shares in the other.

Générale de Banque's chairman, Eric de Villegas de Clercamp, said it had been negotiating with Amro for nearly a year but that the talks accelerated after a takeover battle was launched last month for control of Société Générale de Belgique.

Générale de Belgique, Belgium's largest company, is the largest shareholder in Générale de Belgique. He held 13.4 percent of the bank's capital until the bank issued new shares under the accord with Amro. But that shareholding will drop to 10.3 percent if Amro exercises all of its share warrants, Mr. Villegas de Clercamp said.

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Currency Rates

Table of currency rates for various countries including Australia, Brazil, Canada, etc.

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Table of West European money market rates.

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BUSINESS ROUNDUP

Mystery Bid Challenges VNU for Publisher Audet

By Ronald van de Krol

Special to the Herald Tribune

AMSTERDAM — A rival tender offer has emerged to challenge a 270 million guilder (142.2 million) bid by NV Verenigde Bezi VNU, the largest publishing group in the Netherlands, for the Dutch newspaper publisher Audet NV.

But VNU said Friday that it did not plan to raise its bid.

Trading in Audet and VNU shares was suspended for the entire day following an announcement Thursday night by a Dutch banking syndicate that it would place advertisements on behalf of mystery investors in Saturday editions of Dutch newspapers.

In a move unprecedented in the Dutch corporate sector, the ads will call on Audet shareholders to specify by Wednesday the price at which they would be willing to tender their shares.

On Feb. 22, just one day ahead of the expiration of VNU's tender offer, the mystery investors will announce which, if any, of the tendered shares they are prepared to buy and at what price, according to the banking syndicate.

The battle for Audet's shares comes six months after Elsevier NV, then the second-largest pub-

lisher in the Netherlands, failed to triumph in its rare, hostile takeover bid for Kluwer NV, the third-ranked publisher.

Kluwer later merged with Wolters Samsom Groep NV, another publisher, which secured 51 percent of Kluwer's common stock through a friendly counteroffer.

Loek Hesselar, a spokesman for VNU, said it "does not plan to take part in a speculative bidding war" for Audet. "Our offer is a fair one," he said, "and Audet will resist any other takeover attempt."

VNU's bid was unveiled in December. The identity of the rival bidders is the focus of much speculation.

Analysts are unsure whether the suitors are simply Audet shareholders pressuring VNU to raise its bid or investors interested in taking over Audet.

"If it's a serious attempt, then Elsevier, Wolters Kluwer and De Telegraaf would all come to mind," a share analyst in Amsterdam said. "But there is simply no evidence of this yet."

De Telegraaf is a daily newspaper publisher. On Thursday, before the rival tender offer was announced, Audet's stock surged 22.50 guilders to close at 290 guilders on the Amsterdam Stock Exchange, substantially higher than the per-share value of VNU's bid.

On the basis of VNU's closing price of 69 guilders, its offer is now worth 272.50 guilders a share, valuing Audet at slightly less than 270 million guilders. VNU is offering to pay 25 VNU shares plus 100 guilders in cash for each Audet share.

Earlier in the week, a group of dissident Audet shareholders who claim to own 30 percent of the company's share capital tried but failed to block the proposed takeover by VNU in court, arguing that the bid was too low.

Analysts pointed out Friday that the bank syndicate that is managing the new tender offer also includes the Amsterdam-based stockbrokerage firm Optimix.

The director of Optimix is a member of the Hazewinkel family, which holds about 20 percent of Audet's stock and forms the largest single bloc within the group of dissident shareholders.

Ford Seeking Job Cuts at One of Its U.K. Plants

By Robert J. Cole

New York Times Service

LONDON — Ford Motor Co. hit by a strike at its 22 British plants that has affected operations across Europe and caused thousands of layoffs in Belgium, said Friday that it is seeking an unspecified number of job cuts at its Dagenham plant.

A spokesman for Ford declined to comment on British news reports that the company had detailed plans in a confidential memorandum to lay off more than 3,000 workers in Britain while doubling output over the next four years.

He said that Ford was considering cutting jobs on a voluntary basis at the plant in southeastern England to improve productivity. He contended that the plan was unrelated to the week-long strike by 32,500 workers at the British plants.

He declined to specify the number of jobs the company would seek to eliminate.

The strike began Monday over a planned restructuring aimed at improving efficiency and bringing output into line with Ford's continental plants and competitors.

Ford wants to link changes in work practices with pay agreements and to break down traditional distinctions between blue- and white-collar workers.

The company laid off 7,200 workers at its factory at Genk in eastern Belgium Friday after 2,500 were told not to report for work Tuesday because of a shortage of parts supplied from Britain.

In Germany, the Takeover Not Taken

By Robert J. Cole

New York Times Service

FRANKFURT — Several years of healthy profits and limited investment have enhanced the liquidity of West German companies, but traditional German caution continues to steer them away from ambitious U.S.-style takeovers, analysts say.

They say that the same gloomy assessment of economic prospects that has discouraged companies from investing higher profits will also dissuade them from entering the mergers game.

"At the moment West German firms are more interested in investing this extra cash in the bond market than in using it productively," said Jürgen Giese, an analyst with Citibank AG here.

Bank in Liechtenstein GmbH noted recently that from 1984 to 1986, the latest year for which figures are available, the 40 largest German companies moved from a net liquidity deficit of 17 billion Deutsche marks to a net surplus of 14 billion DM (\$10 billion to \$8.23 billion).

The opportunities open to German companies have been increased further by last year's stock market crisis, which not only lowered the price of potential targets, but also worsened the refinancing possibilities of would-be rivals.

But German caution retains the upper hand.

"The opinion of German firms is that American firms even after the crash are relatively expensive," said Hans-Joachim Pilz, a Bank in Liechtenstein analyst.

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Natural Caution Blinds Firms to Potential Bargains

By Robert J. Cole

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Unsuccessful takeovers in the '70s have made Germans cautious about mergers, especially abroad.

By Robert J. Cole

New York Times Service

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Trump Says He Holds 0.5% of MCA, Seeks Up to 24.9%

By Robert J. Cole

New York Times Service

LOS ANGELES — MCA Inc. said Friday that the real estate developer Donald J. Trump holds 375,000 shares, or about 0.5 percent, of its common stock and may acquire up to 24.9 percent.

The news boosted MCA's stock

by \$5.75 a share to close Friday at \$45.50 on the New York Stock Exchange.

MCA said that Mr. Trump, who also controls Resorts International Inc., a hotel and casino company, had notified it that he intends to

buy at least \$15 million worth of MCA shares.

MCA, a major U.S. filmmaker and entertainment company, has been under pressure for some time to better realize its asset value.

Its stock has risen periodically over the past few months on specu-

lation it would either be purchased or reorganized.

MCA reported fourth quarter earnings of \$21.8 million, or 30 cents a share, up 25 percent from \$17.3 million, or 23 cents a share, a year earlier.

But earnings for the year fell 9 percent, to \$137.3 million, from \$150.9 million in 1986. Except in 1982, when its release "E.T. the Extraterrestrial" was a huge hit, the company's profits have been relatively stagnant for several years.

In his notification, Mr. Trump said that acquisitions of MCA shares would depend upon the price and availability of MCA shares and general economic and market conditions.

The Benckiser spokesman said the purchase, which is expected to be closed in April, fitted with the company's planned shift from a predominantly European orientation to a worldwide outlook.

Benckiser's best-known brands are Calgon soap and Calgonite dishwashing detergent. The company dominates the European market for automatic dishwashing machine detergents, analysts said.

Benckiser, which is based in Ludwigshafen, plans to divest Mira Lanza's paper-products division, the spokesman said.

Benckiser had sales in 1987 of 1.44 billion DM, up more than 14 percent from 1.26 billion DM the previous year.

FERRUZZI: Benckiser Agrees to Purchase 54% Stake in Mira Lanza

By Robert J. Cole

New York Times Service

FRANKFURT — Benckiser AG has agreed to purchase 54 percent of the Mira Lanza paper-products division, the spokesman said.

Benckiser had sales in 1987 of 1.44 billion DM, up more than 14 percent from 1.26 billion DM the previous year.

But the spokesman said the comparison was distorted by the company's acquisition in July of Ecolab Inc., a worldwide consumer products division, which added about 175 million DM to the 1987 total.

Analysts said Ferruzzi, which is controlled by the Ferruzzi family via a network of holding companies, will probably have to sell more businesses to whittle down its massive debt.

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AIDS Fears Lift Pacific Dunlop's Net 30%

By Robert J. Cole

New York Times Service

MELBOURNE — Pacific Dunlop Ltd. said Friday that its net profit jumped 31 percent in the six months ended Dec. 31, and it cited the international AIDS scare, new products and growth in all divisions.

Profit rose to \$5.75 million Australian dollars, from \$5.42 million a year earlier. The company's lines of latex products were a major factor, including condoms and surgical gloves.

Sales at the conglomerate, which

also has interests in electrical goods, clothing and consumer products, climbed 30 percent to 1.74 billion dollars from 1.34 billion.

But the result was clouded by a 198.6 million dollar extraordinary loss, compared with a 6.94 million dollar loss in the year-earlier period. The charge resulted largely from goodwill write-offs on the acquisition of the clothing maker Bonds Costs Patons Ltd. and 60 percent of the U.S. battery maker GNB Inc.

Philip Brass, Dunlop's managing director, said that the write-offs were a matter of longstanding accounting policy. He predicted that extra debt assumed to make the purchases would soon fall to traditional levels.

Sales at Dunlop's latex subsidiary, Ansell International Ltd., increased more than 30 percent in the first half.

Ansell is the world's largest condom maker, producing more than 1 billion a year, or about 25 percent of the world market.

Mazda to Sell Import in Japan

By Robert J. Cole

New York Times Service

TOKYO — Mazda Motor Corp., 23.7 percent owned by Ford Motor Co., said Friday that it is planning to sell its U.S. subsidiary and import cars in Japan.

The two-door Probe, which will also be sold in the United States, will be the first import among Mazda's foreign-built cars.

Production of the four-cylinder car, which will have a base price of \$10,459, started in Fiat Rock, Michigan, last month.

Coniston Buys Unwelcome 6% in Gillette

By Robert J. Cole

New York Times Service

NEW YORK — In a move that could foreshadow a complex battle for control of Gillette Co., the aggressive investor group Coniston Partners of New York said that it owns about 6 percent of the big Boston-based producer of razor blades, cosmetics and other consumer goods.

Coniston, widely known for profiting by pressing companies to take actions to avoid a takeover, said Thursday in a filing with the Securities and Exchange Commission that it held 6.76 million shares of Gillette. It said it had paid \$213 million, or an average of \$31.54 a share.

Before the announcement, Gillette's shares had jumped \$3.62 in

Thursday trading on the New York Stock Exchange, to \$41, making Coniston's stake worth \$277.2 million. On Friday, the shares slipped \$1.875 to end at \$39.125.

Coniston is believed to be chiefly interested in attracting others to buy the company or forcing the company to fight off a takeover — actions that could enhance Gillette's share value and Coniston's stake.

Gillette said it appeared that Coniston was trying to pressure the company into putting itself up for sale and stir speculation in the company's stock price.

"We trust that the market will not be misled by this conduct," said its chairman and chief executive, Colman Mockler. "The board will not be pressured."

Last year Coniston invested more than \$500 million in Allegis Corp. and forced it to sell all its properties except for United Airlines. Coniston could make \$100 million on that investment.

Reylon Inc., a previous suitor that agreed with Gillette in 1986 not to try to take over the company until 1996, is expected to play a key role in developments over the coming months, analysts added.

If a bidding contest for Gillette began, Reylon would be free to join in a friendly takeover, the standards agreement only bars hostile offers.

There is more apparent interest in buying parts of Gillette, analysts said, than in buying the whole company. Nestlé SA and Unilever NV have shown keen interest in certain parts of the company.

2 More Top Executives Resign From Salomon

By James Sterngold

New York Times Service

NEW YORK — Two more senior executives have resigned from Salomon Brothers, people close to the firm said, adding their names to the growing list of defectors from one of Wall Street's largest investment banking houses.

They are Robert Scully, who was in charge of Salomon's capital markets group, and Warren M. Foss, who headed the firm's department dealing in high-yield "junk bonds." Neither executive was available for comment.

What many people took as a sign of how intense the strains within the firm have grown is the fact that both executives, just days earlier, had been persuaded to remain after threatening to resign.

According to Wall Street professionals close to the firm, Mr. Scully and Mr. Foss became perturbed when senior Salomon executives refused to put in writing the agreement reached earlier, to keep them from resigning. These sources said the two men then decided to leave and join Mr. Scully's brother, an arbitrator, in a new financial venture.

The two resignations came Thursday, a day after the departure of Gerald Rosenfeld, who was Salomon's chief financial officer, and several weeks after the resignation of J. Ira Harris, a senior investment banker, and E. Stephen

Benson, a managing director who headed Salomon's corporate services group. Several lower-level professionals also have left recently.

Professionals close to Salomon said the outflow of talent could accelerate. In particular, according to these sources, senior managers are concerned that a number of young executives may leave after April 1, when they will be eligible to withdraw their capital from a "phantom" stock plan.

The stock plan was created in 1981 when Salomon was acquired by Philip Brothers, the commodity trading firm. Salomon and Pibro executives, eager to retain young investment bankers who had not quite reached partner status, created a fund for more than 100 Salomon executives by investing about \$30 million.

The fund's value rose with the value of the stock of Salomon's corporate parent, Salomon Inc., and people close to the firm say it is now worth more than \$100 million.

The participants could not withdraw their share for five years. When that date arrived in October 1986, most kept their money in the plan because of changes in the tax laws, according to people close to Salomon. Under the terms of the plan, however, they can start withdrawing after April 1 of this year, and apparently many intend to do so.

Salomon Brothers has been hurt, like most of its competitors, by tumbling profits as a result

of the stock market plunge in October and a far tougher environment on Wall Street. Salomon posted a loss of \$74 million in the fourth quarter of last year and said earnings for all of 1987 plunged 72.5 percent to \$142 million.

Even before the market's collapse Salomon was struggling to cut back after growing rapidly in the past five years.

These problems have brought tensions to the surface within Salomon and have aggravated warring between different factions, according to sources close to the firm.

To try to calm the waters, these sources said, John H. Gutfreund, Salomon's chairman, agreed to promote executives to the office of the chairman, a body he created two years ago to help steer the firm.

But by expanding the office this week to an unwieldy seven members, from three, the power of Salomon's recently created board of directors was effectively sapped. That created more ill will, the sources said.

Within Salomon, there was conjecture about what Warren Buffett, Salomon's largest shareholder through Berkshire Hathaway, might do to try to quell the unrest. Berkshire Hathaway acquired 12 percent of Salomon last year, but under the terms of the preferred stock it bought, it exercises much more control than that would imply.

Merrill to Reorganize Market Operations

By Robert J. Cole

New York Times Service

NEW YORK — In the latest example of how securities firms are responding to the tougher environment on Wall Street, Merrill Lynch & Co. has announced a reorganization of its huge capital markets operation.

Merrill said it hopes to identify redundancies and cut costs by bringing all equity operations under one operating unit.

Jack W. Lavery, 41, the firm's head of securities research and economic analysis, will take on the added jobs of overseeing Merrill's worldwide equity sales, trading and syndication, leading a group to be called Global Equity Business.

Similarly, all of the firm's debt activities will be put under one operating unit.

"A management consultant would say we're integrating vertically," said Mike Gozzi, a spokesman for the capital markets group. Mr. Lavery was not available to be interviewed.

Currently, the equity business has different homes at Merrill, which like other Wall Street firms has been cutting costs by laying off

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"C": The Secret Life of Sir Stewart Graham Menzies, Spymaster to Winston Churchill. By Anthony Cave Brown. 830 pages. \$25. Macmillan, 866 Third Avenue, New York, N. Y. 10022.

BOOKS

Reviewed by Christopher Andrew I T is doubtful whether Sir Stewart Graham Menzies, chief of the espionage agency SIS (also known as MI6) from 1939 to 1952, was as Anthony Cave Brown claims, the greatest spymaster in British history. But he was certainly one of the best connected. His father's family had made its fortune in Scotch whisky, founding the largest distilling company in the world. His mother was lady-in-waiting to Queen Mary, wife of King George V.

Park which produced Ultra. He had, however, no direct role in its production. In October 1941 the four leading codebreakers at Bletchley Park, fearful that their shortage of resources threatened the continuation of Ultra, appealed directly to the prime minister. Churchill immediately wrote an "Action This Day" order to rebuke the chief author of the appeal for wasting the prime minister's time. But if Menzies was out of step in time with his codebreakers, he quickly grasped the importance of their product. During World War II, Menzies became Churchill's main intelligence adviser.

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SPORTS

U.S. Skating Team Joins Row as Wind, Zurbriggen Get Hot

CALGARY, Alberta — With the biggest, brashiest, most expensive Winter Olympics ever set to begin Saturday, the U.S. Olympic team took another beating Thursday, with disension surfacing in a second sport.

An official of the U.S. speed skating federation, one of the country's few medal hopes at Calgary, called his team's situation "a terrible mess" and said he was concerned he had lost control of his athletes.

An official of the bobsled team, which was not expected to win any medals anyway, reacted angrily to accusations by Don LaVigne that he was cut to make room for professional football player Willie Gault.

The International Olympic Committee agreed Thursday to requests from the team and the U.S. Olympic Committee to reinstate LaVigne. Both he and Gault will be alternates.

As all this was going on, Firmin Zurbriggen of Switzerland again dominated training for the men's downhill ski race. He won the second straight day of time trials, despite skiing with a bruised left leg and in temperatures that had risen 61 degrees Fahrenheit (16 degrees centigrade) over 24 hours because of a warming chinook wind.

That set the stage for an opening extravaganza with more than 1,600 athletes from 57 nations, a crowd of 60,000 and millions of television viewers. It would be the most skiers, skaters and sledgers, most countries and most spectators to have gathered in the 64-year history of this quadrennial winter sports.

Organizers said that, by Thursday afternoon, 1,295 of the 1,684 athletes expected had registered.

The U.S. speed skating mess began when David Cruikshank was told he would not be racing, even though he had won the 1,000-meter race at the U.S. Olympic trials. He then met with the U.S. Olympic

Committee, and called the selection process "really ridiculous."

The team's coach, Mike Crowe, said he could start only four skaters at 1,000 meters: gold medal contender Dan Jansen, Nick Thomenz, Eric Flaim and Tom Cushman. Cushman finished sixth in the Olympic trials in December but outskated Cruikshank in subsequent World Cups. Starting spots are awarded at the discretion of the coaches and team manager.

Jack Byrne, president of the U.S. International Speed Skating Association, said the controversy showed flaws in the selection system, then added, "We don't have control of our athletes. This sure isn't doing us any good. This is a terrible mess, a disaster. Nobody knows what to do."

Out on the snow, Zurbriggen, the world's top downhill racer, was timed in 1 minute, 59.26 seconds over the 3,441-yard (3,154-meter) course. Wednesday, he had clocked 2:02.64, best on the first day of training. He had hurt his leg playing soccer with teammates.

Gerhard Pfaffenbichler of Austria was second in 1:59.99, with Anton Steiner of Austria third in 2:00.05. Peter Müller of Switzerland, a pre-race favorite, was seventh in 2:00.94.

"Practicing in this wind is like a lottery," Müller said. "It's useless. On the flats, I lost many seconds because I was stopped by gusts."

Olympic organizers, meanwhile, were reveling in the balmy weather, cool enough to not threaten the ski slopes yet warm enough to keep tourists from freezing.

"I think the gods are with me," said Calgary's mayor, Ralph Klein. "The temperature has gone up at precisely the right time."

Heavy Calgarians jogged in short pants and light shirts as the chinook, an Indian word for snow-eater, reached the city after coming from the Pacific Ocean, over the Rocky Mountains and the open prairie.

Temperatures in Calgary rose 24 hours from 11 below at midnight Wednesday to 50. At Mount Allan, site of the downhill, it reached 41.



Sarcee Indians rode into Calgary on Thursday to take part in the rehearsal for Saturday's opening ceremonies of the Winter Games.



Soviet speed skater Vitali Makovetsky rose early.

OLYMPIC NOTEBOOK

CALGARY, Alberta — The International Olympic Committee concluded its 93rd session Thursday by naming five new members, including Princess Anne of Britain. The others are Fidel Mendoczo of Colombia, Wu Changkuo of Taiwan, Tay Wilson of New Zealand and Ram Ruhee, the first person from Mauritius to be appointed to the committee.

Princess Anne, daughter of Queen Elizabeth II and the Duke of Edinburgh, competed in the 1976 Olympics with the equestrian team. She is president of the International Equestrian Federation and the British Olympic Association. Britain's Lord Luke of Pavant, 83, an IOC member for 37 years, resigned and was named an honorary member.

Norwegian sports officials said they had given up efforts to have Soviet world champion speed skater Nikolai Gulyayev banned from the Games by the IOC after allegations that he sold steroids to Norwegian skater Stein Krosby. Krosby is being investigated by police on suspicion of selling Soviet-made steroids in Norway.

The Norwegian Sports Confederation president, Hans Skasteth, said: "We have provided the evidence, but face a general lack of willingness to act. The Russians have made it a political issue and are hiding behind legalities."

Juan Antonio Samaranch, the IOC president, said he would urge leaders of international sports federations at their April meeting to increase their vigilance against the use of drugs banned by the IOC. Without singling out any federation, he said: "We are not happy. The programs of some of the international federations must be more strict."

Anita deFrantz, an IOC member from the United States, criticized the U.S. State Department for refusing a visa request from three North Korean sports officials and a speed skater who wanted to participate in the world indoor short-track championships this week in St. Louis. For the second time in six months, a U.S. decision to deny a visa is making trouble for Anchorage's bid for the 1994 Winter Games.

Don Nielsen, on U.S. teammate Martin Hagen finishing 53d in the 20-kilometer biathlon in 1984: "His gyroscope went afoul on one of the downhill, and he went on an unscheduled tour of the shrubbery. There is talk of having to file an environmental impact statement on him before the next race."

Writer Dan Jenkins, taking an irreverent look at the Games: "What you do at a cross-country ski race is look for the athlete whose nose has grown the longest icicle."

For Britain's 'Fast Eddie,' There's No Such Thing as a Slow Day

CALGARY, Alberta — The Finns and the Norwegians, kings of the hill in ski jumping, have no such problems. But when you're Eddie Edwards, Britain's only Olympic ski jumper, there are days like this:

"His flight to Calgary was delayed and he did not get to bed until 2:30 A.M. Then he discovered that his bindings were crushed and he had to repair them. By that time he had missed his first practice jump and officials refused to change the order."

After practice he was locked out of his room. He sought help, but no one was around. He tracked down a master key, but got lost going back to the athletes' village. Finally, the Austrian team gave him a lift.

"Then we came here," Edwards said at his news conference Thursday, "and they wouldn't let me in."

All of which is fitting for Edwards, 24, a bespectacled plasterer who did not even attempt his first mad leap off a ski jump until two years ago. But 4 1/2 months later he was making jumps at 90 meters, the highest level of competition. Ten months later he was on the World Cup circuit, where his best finish was 69th.

But back in England, where ski jumping ranks with mud wrestling or baseball in the sports domain, Edwards is now something of a folk hero. "Fast Eddie" has been dubbed "Kamikaze Eddie." He arrived here to a following that proclaimed him "The Eagle."

"All I ever talked about, dreamed about, thought about was skiing," he said. "I was obsessed with the sport."

He trained with teams from other countries, most recently with the U.S. team. Along the way he did many things to raise money for ski jumping: shovel snow, baby-sit, chop wood. At times, he survived on practically a loaf of bread a week. With the rates unbeatable, he

even stayed at a mental hospital in Finland. "It was so cheap, one pound a night," he said. "It was all I could afford. But I was a bit worried of someone coming to my door with an ax. I had a few sleepless nights."

Still, the prospect of a few whacks from an ax is nothing compared to the exhilaration of a soaring lift into the mountain air. "When things are going right I feel like I could keep up there for a half hour," he said.

"I find out of all the disciplines I've been doing jumping is the most mentally demanding," Edwards said. "I can ski downhill and do things virtually without thinking. But jumping requires so much mental agility."

And when the wind kicks up and skis tangle, terrible things can happen. One time, Edwards bloodied his face, cracked his teeth and broke his jaw. No matter, he wrapped a scarf around his head and kept on jumping.

When I'm at the top of the 90-meter jump I can think of a million and one reasons not to go through with it," said Edwards. "It looks dangerous and it is dangerous. The next jump could be my last."

Raising a logical question. Does he have life insurance? "I don't know," he said. "I better check."



Eddie Edwards: Late, locked out and lost.

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Rooting for a Chinook After Unfriendly Skies

By George Vecsey, New York Times Staff Writer

SPOKANE, Washington — We have seen the chinook wind and its works, melting the snow in its path like a giant microwave oven demolishing an ice-cream cone.

Up to now, the chinook had been the mythical but dominant figure of the Winter Games, which allegedly open Saturday in a place called Calgary, somewhere to the east and north of here. But by virtue of its first strike, chinook now looms as the Torvill and Dean, the Miracle on Ice hockey team, the Peggy Fleming, the Sonja Henie of these Winter Games.

According to early settlers who have been able to mush, you huskies, into Calgary, the wintry perfection of that Olympic site is currently threatened by the hot breath of the chinook. The temperature had risen from 10 below zero Fahrenheit (24 centigrade) Wednesday morning to 55 degrees by 2 o'clock Thursday afternoon, but there was still plenty of white stuff, at last report.

The powers of a chinook — which means snow-eater in the Chinook Indian language — had seemed vastly exaggerated or even the figment of somebody's hallucination, like Bigfoot, the Loch Ness Monster.

However, courtesy of the unfriendly skies, some hardy Olympic travelers, including some American curlers from Madison, Wisconsin, were given an excursion, at no extra charge, to see up close the dramatic impact of a chinook wind. The chinook is the warm wind that comes marauding over the Canadian Rockies every so often during the winter, dumping moisture on the far side, then evaporating snow on the east side before anybody can say Juan Antonio Samaranch.

The Olympic organizers keep insisting they have enough snow stockpiled to satisfy all the bobsledders, lugers, ski-jumpers and other outdoor maniacs attracted by the Winter Games.

But the organizers tend to sound as confident about overcoming the ultimate chinook as George Bush's campaign managers sound about Bob Dole and Pat Robertson.

The possibility of a chinook has raised a huge moral issue with anybody not totally committed to the wonders of winter sports. On the way to Calgary, does one secretly wish for one huge blast from the west, to yellow down over the Canadian Rockies and turn all of Alberta into a giant steam bath?

Our first glimpse of a chinook came in the darkest hours just before dawn Thursday. But not, however, in Calgary, Alberta. Instead, by virtue of a snowstorm in Chicago, pilots visiting steage class to peer out the windows and inspect ice on the wings and then the pilots running out of legal air time, an entire planeload of curlers, journalists and a few normal people was deposited on the doorstep of Spokane during a regularly scheduled stop between Chicago and Calgary.

Spokane, between Chicago and Calgary? When you fly cur-rate tickets on the friendly skies, it makes a weird kind of sense.

Tom T. Hall, the bard of Olive Hill, Kentucky, once wrote a song about a disruption in his life called "Spokane Blues," whose opening line was, as memory recalls, "I don't know what I'm doing here, I should be somewhere else."

Thinking the very same thing, curlers, journalists and civilians stumbled into the warm, misty darkness and halted taxicabs to the nearest motel. Our cabby — journalists somehow always draw narrative cabbies — gave us a rundown on the local meteorological conditions.

"It's about 40 degrees right now," he said, nodding toward the steamy roads and the muddy fields, where only a trace of snow remained. "It was about minus 3 before this chinook came in," he added, speaking in Fahrenheit, of course.

Some tenderheart immediately made inquiries about covering the Olympics right from here, the warm weather heaven of the northwest, but after the pilots got their rest, the plan was to head for Calgary, where chinook was blowing its steamy vapors.

Life will never be the same after experiencing chinook. For the remainder of these Games, the slightest inconvenience from the cold will raise the temptation of invoking yet another chinook.

What if a lot of people got cold at once and started wishing secretly, guiltily, or maliciously, for a hot wind over the Rockies? What if the cumulative effect was like the whole world applauding to save Timbaland in "Peter Pan"? What if thousands of frozen tourists willed a chinook all at the same time?

What if all those lumber, healthy nuts in their bright stretch uniforms went out to the hills one morning only to find creaky rocks, brown mud and the remainder of last summer's green grass staring at them? What would ABC-TV show to the waiting world?

"What about all those poor athletes who have trained half their lives to get to the Olympics?" asks the voice of conscience. "Have you no empathy? Would you really root for a chinook just for your own selfish comfort?"

The answer — particularly after Thursday's horror show involving those once friendly skies — is, you bet your silk long johns some of us would.

Scoreboard

Olympics on TV
Saturday, Feb. 13
Austria—10:20, 20:20, 30:20, 2:25 (FS 2).
Britain—15:30-41:45 (BBC 2).

Sunday, Feb. 14
Austria—7:30, 17:30, 18:30, 19:30, 20:45.
21:25, 1:40 (FS 2).

Monday, Feb. 15
Austria—10:20, 20:20, 30:20, 2:25 (FS 2).
Britain—15:30-41:45 (BBC 2).

Tuesday, Feb. 16
Austria—7:30, 17:30, 18:30, 19:30, 20:45.
21:25, 1:40 (FS 2).

Wednesday, Feb. 17
Austria—10:20, 20:20, 30:20, 2:25 (FS 2).
Britain—15:30-41:45 (BBC 2).

Thursday, Feb. 18
Austria—7:30, 17:30, 18:30, 19:30, 20:45.
21:25, 1:40 (FS 2).

Friday, Feb. 19
Austria—10:20, 20:20, 30:20, 2:25 (FS 2).
Britain—15:30-41:45 (BBC 2).

Saturday, Feb. 20
Austria—7:30, 17:30, 18:30, 19:30, 20:45.
21:25, 1:40 (FS 2).

Sunday, Feb. 21
Austria—10:20, 20:20, 30:20, 2:25 (FS 2).
Britain—15:30-41:45 (BBC 2).

Monday, Feb. 22
Austria—7:30, 17:30, 18:30, 19:30, 20:45.
21:25, 1:40 (FS 2).

Tuesday, Feb. 23
Austria—10:20, 20:20, 30:20, 2:25 (FS 2).
Britain—15:30-41:45 (BBC 2).

Wednesday, Feb. 24
Austria—7:30, 17:30, 18:30, 19:30, 20:45.
21:25, 1:40 (FS 2).

Thursday, Feb. 25
Austria—10:20, 20:20, 30:20, 2:25 (FS 2).
Britain—15:30-41:45 (BBC 2).

Friday, Feb. 26
Austria—7:30, 17:30, 18:30, 19:30, 20:45.
21:25, 1:40 (FS 2).

Saturday, Feb. 27
Austria—10:20, 20:20, 30:20, 2:25 (FS 2).
Britain—15:30-41:45 (BBC 2).

Basketball

National Basketball Association Standings
EASTERN CONFERENCE
Atlantic Division
Boston 23 14 702 58
Philadelphia 21 24 467 11

Central Division
Atlanta 21 18 474 58
Detroit 22 14 428 24

WESTERN CONFERENCE
Midwest Division
Dallas 29 14 444 58
Houston 26 18 491 21

Pacific Division
L.A. Lakers 26 9 380 50
Golden State 21 21 319 21

THURSDAY'S RESULTS
Milwaukee 21 28 34 23
Philadelphia 22 28 32 13

U.S. College Results
EAST
Quincy 73, Rutgers 58
George Washington 72, Massachusetts 58

SOUTH
Duke 93, Wake Forest 67
Jacksonville 84, South Alabama 60

MIDWEST
Drake 82, Creighton 77
Illinois 84, Minnesota 58

WEST
Indiana 74, Northwestern 45
Indiana 51, Wichita St. 42

SOUTHWEST
Pan American 64, Lamar 42
Arizona 89, Oregon 57

BASEBALL
American League
Chicago—Aged to terms with Rick Han-

COLLEGE
NCAA—The University of Illinois football program on probation will July 1, 1989,

Puckett and Davis Agree to Contracts

NEW YORK — Kirby Puckett of the Minnesota Twins accepted a \$1,090,000 salary Thursday and Eric Davis of the Cincinnati Reds agreed to \$899,000 while a third major league baseball star outfielder, Andre Dawson of the Chicago Cubs, was preparing to shoot for a record arbitration salary.

Originally, 14 players had submitted figures of \$1 million or more, but only six of the cases remain on the arbitration schedule, including that of Dawson, the National League most valuable player in 1987. He will ask the arbitrator, Stephen Goldberg, to award him a \$2 million salary; the Cubs have offered \$1.85 million.

In the day's only decision, the Atlanta Braves won their case against Zane Smith, their best pitcher. Smith, who earned \$250,000 last year, will get \$450,000 this year instead of the \$550,000 he wanted. It was the club's seventh victory in nine decisions this year.

In Baltimore, the Orioles' outfielder Larry Sheets, one of only five American League players last year with a better than .300 batting average, 30-plus home runs and 90-plus RBI, signed a contract for about \$1.1 million for two years, more than tripling his 1987 salary of \$145,000.

SPORTS BRIEFS

Mudd, Zokol Lead Golf
HONOLULU (AP) — Jodie Mudd twice holed out from off the green Thursday and shot six-under-par 66 to tie Richard Zokol of Canada for the first round lead in the Hawaiian Open.

U.S. Open champion Scott Simpson and Brad Bryant were tied at 67.
"I was really lucky," said Mudd, who hasn't won in seven years on the PGA Tour. "I chipped in once, holed a bunker shot and made a couple 50-footers" (about 15 meters) on putts. He carded seven birdies, an eagle and three bogeys.

For the Record
Brian Clough, manager of Nottingham Forest, has been refused permission by the English soccer team to manage the Welsh national team on a part-time basis.

Said Aamita of Morocco, the 1,500- and 5,000-meter world record holder, broke a toe training and will be unable to run for six weeks. (Reuters)

Quotable
Hall of Famer Willie Stargell, told that former Pittsburgh Pirates teammate Dave Parker had once called him his idol: "That's pretty good, considering that Dave's previous idol was himself." (LAT)

Carolina Defeats State in Overtime

CHAPEL HILL, North Carolina — Sophomore star J.R. Reid, whose bad pass enabled North Carolina State's 16th-ranked basketball team to send the game into overtime, atoned by scoring four of No. 6 North Carolina's next eight points Thursday night for a 75-73 victory.

Scott Williams scored the other four, his dunk with 10 seconds left giving North Carolina a 75-71 lead.

"You can't make those dumb mistakes at the end and expect to be successful," said Reid, who totaled 13 points in the Atlantic Coast Conference game.

State's Chuckie Brown had stolen Reid's pass with 26 seconds left in regulation, with Vinny Del Negro scoring on an offensive rebound to send the game into overtime.

"We're not a young team anymore and that's why it is disappointing to make the mistakes we did," said North Carolina's coach, Dean Smith. "The Tar Heels, 17-3 and 6-2, had built a 57-47 lead with 7:58 left, but the Wolfpack, 15-4 and 3-3, made six three-point shots in the final minutes to catch up."

Brigham Young 78, Wyoming 69: In Provo, Utah, Jeff Chatman scored 22 points as the No. 8 Cougars handed the No. 16 Cowboys their fifth defeat in the Western Athletic Conference.

Expanded Sports Coverage for the WINTER OLYMPICS February 13-19 in the HI

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Official Timekeeper of the Olympic Games 1988 Calgary and Seoul
You have a date with Longines Precision
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